

Earnings increase by 8.5 pc

Average earnings rose by an underlying 8.5 per cent in the year to November, the lowest annual increase for five years, according to Whitehall figures. But pay rises are still overtaking price rises. Settlements in the present wage round are running significantly below the last. Pay deals in manufacturing were averaging 6.1 per cent last year.

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Water unions in talks

Talks aimed at averting the first national strike threatened from midnight on Sunday could continue over the weekend. Separate meetings of employers and unions were held at Aca yesterday.

Benn seat

Mr Wedgwood Benn MP, whose Bristol South East seat is to disappear under boundary changes, may stand for the new constituency of Livingston, in a so-called Labour area near Edinburgh.

Tory 12½% lead

The Conservative lead over Labour has doubled since last month to 12½ per cent, a Gallup poll says in *The Daily Telegraph* today.

Gas explosion

Three people were injured last night in an explosion at a British Gas terminal in the Isle of Grain, Kent. Their condition was described as not serious.

IRA threat

A photograph of Mr Patrick Gilmore, the father of a supergrass, has been sent with a warning to his family by the provisional IRA, which is believed to have abducted him.

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Powell dispute



Mr Enoch Powell has challenged the Secretary of the Cabinet to sponsor legal action against him over the disputed report of conversations about the future of the Falklands.

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War accusation

Mr Maurice Papon, a minister during the Giscard d'Estaing presidency, was charged yesterday with involvement 40 years ago in deportation of Jews to extermination camps.

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Bugging scandal

The Irish Government is likely to issue a statement today in the face of a deepening scandal over telephone tapping during the Haughey Administration.

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N Sea bonus

Auctioning exploration acreage in the latest North Sea licensing round is likely to yield £30m for the Government.

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Tour sellout

In spite of an offer from the South African Government to help underwrite the West Indian tour, Mr Joe Parnesky, president of the South African Cricket Union, said it may not be necessary as the tour was attracting full houses.

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Letters: On metropolitan counties, from Councillors J Gummell and J Royston Moore; youth training, from Mr J Wood; Tasmania dam, from Professor K Mellanby.
Leading articles: Assessment of intelligence, Select Committees, Features, page 10.
Alliance priorities: by David Marquand; Ronald Butt endorses Mrs Thatcher's desire for a return to Victorian values; how Reagan will try to ride out the slide: Farmers - heads they win, tails they win.
Books, page 9
Michael Ratcliffe celebrates a major new assessment of John Milton. Fiona MacCarthy reviews a portrait of the Folies Bergères, and Paul Barker reviews an anatomy of the United States.
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Dr Arturo Illia, Mr Vernon Bartlett.

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Threat of new Falklands conflict causes US concern

From Nicholas Ashford, Washington

There is growing concern in Washington about a possible new outbreak of hostilities between Britain and Argentina over the Falkland Islands.

This concern has been heightened by recent large Argentine arms purchases, increased activity by the Argentine Air Force and accelerated training programmes for the armed forces.

Although it is thought unlikely that the Buenos Aires Government is considering a new invasion attempt at this stage, it is believed that a campaign of harassment and hit-and-run commando attacks for propaganda purposes is being planned.

American concern about Argentina's intentions was officially reflected by a State Department spokesman yesterday, who emphasized that the US remained opposed to the use of force to settle disputes.

"This policy remains unchanged and was reflected in our support of United Nations and Organization of American States resolutions last Autumn", the spokesman said.

According to intelligence sources, quoted by a CBS television news programme, Argentina may attempt to carry out commando raids against military targets such as radar sites and anti-aircraft batteries on the disputed islands. The television report said there was evidence of unusual training and preparations for commando-style operations by the Argentines.

The sources quoted by CBS also said there were indications that Argentina planned to shoot down British aircraft outside the 200-mile exclusion zone.

A privately-owned news agency in Buenos Aires quoted "a high military source" as saying that the CBS report was without foundation and "it is possible Britain planned the story in an effort to justify the 4,000 men it has stationed in the Malvinas", CAP reports.

Carrington proposes long-term treaty

By Henry Stanhope

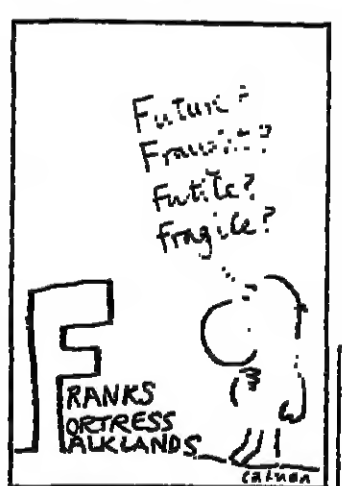
A new Antarctic treaty allowing British administration of the Falkland Islands under international sovereignty was proposed by Lord Carrington yesterday as an eventual answer to Anglo-Argentine confrontation in the South Atlantic.

But the former Foreign Secretary, in an interview with the *Times*, emphasized that it was only a long-term possibility to be explored in the future.

In the short term he agreed with Mrs Margaret Thatcher that there was no alternative to the so-called Fortresses Falklands policy with a substantial military garrison stationed there, the outcome which successive governments had tried to avoid.

He agreed with Mr James Callaghan who in the Commons had described the events of the past nine months as a short-term victory and a long-term political retreat to a dead end, but thought that the Government had had no alternative to seeking the task force when it did. No government could have had otherwise survived.

Lord Carrington, who resigned after the Argentine invasion, could foresee no early resumption of talks with Argentina. "I am sure the time is not



right". Nor could he see any prospect of reviving the proposals for a lease-back arrangement, under which Britain would cede sovereignty to Argentina, but continue to administer the islands for a negotiable period.

A compromise of that kind had been his preference as a way of resolving the dilemma. But the islands had been against it. Parliament had been against it and support for it had been only lukewarm in some quarters of the Government.

Lord Carrington had hoped,



Fidel Castro: "You should be dead."

was on hand when they met in Havana.

Mr Greene was making a 20-hour stopover in Cuba, to which he had flown in an official Nicaraguan aircraft from Managua, accompanied by a Panamanian poet, José de Jesús Martínez. They were given VIP treatment.

Mr Greene and Dr Castro first met more than 20 years ago in the very early days of the revolution when the writer



Mr James Callaghan: "Threats not met professionally"

Apathy of Thatcher amazes Callaghan

By Anthony Bevins, Political Correspondent

Mr James Callaghan last night set the tone of the Opposition attack on the Government in next week's two-day debate on the Franks Report, when he accused Mrs Thatcher of lacking both interest and professionalism in dealing with the threat of a Falkland invasion.

He told *The Times* that he was willing to ride any counter-attack against himself, based on the Franks Report verdict of the 1977 incident when two frigates and a nuclear-powered submarine were sent to the South Atlantic.

The former Prime Minister told the Commons on March 30, after the occupation of South Georgia and before the invasion of the Falklands, that when the existence of the 1977 task force became known, without fuss and publicity, a diplomatic solution followed.

Franks stated: "We have had no evidence that the Argentine Government became aware of this deployment." Mr Callaghan said last night that he had made his point on March 30 in a supplementary Commons question.

But he emphasized: "That was not the major point." Minutes which he had read to the Franks Committee said: "The objective of the force should be to buttress our negotiating position by displaying a force of sufficient strength as to convince the Argentines

that military action by them would meet resistance."

"We want that force there by December 1977, when the talks start, so that if there is any difficulty at all, we can tell the Argentines that we have got something there."

Mr Callaghan said: "We were ready to respond, and what does astonish me is the Mrs Thatcher did not take these precautions. They don't have to wait for reports from the Joint Intelligence Committee to do this; it is absurd. I really don't understand it. Can't they read the newspapers? Can't they hear what is said in the House of Commons?"

He then added: "I don't think Mrs Thatcher was interested in this kind of thing - I think she is now, but she was not then."

"I think I have always said, and I said it to the Franks Committee: 'If you ask about any particular problem of the Foreign Office and the Ministry of Defence, the Foreign Office always wants to keep talking, because that is their job, and the Ministry of Defence always have their programmes arranged so far in advance that they cannot possibly alter it. If you leave it to those two departments, then you are not necessarily going to get action at the right time. I believe that is the Prime Minister's responsibility; for watching these sorts of issues.'"

Pym's welcome, page 2

Brussels shocked by grain deal

From Ian Murray, Brussels

The European Commission has urgently demanded to be given details of an agreement by the United States, announced on Tuesday, to sell one million tonnes of wheat flour to Egypt at subsidized prices.

After study, the Commission will decide whether it should take the United States before the General Agreement on Tariffs and Trade (GATT), if it feels that the selling price for the flour is being unfairly subsidized.

The flour sale could be the first really explosive round fired in the agricultural trade war which has been looming between the EEC and the United States. Despite the truce, which was cautiously declared after talks in Brussels last month, there has been mounting pressure in America by the farming lobby to meet head-on subsidized European competition in world markets.

A source close to the commission said in Brussels yesterday that, if this kind of deal were to be repeated, it would almost certainly mean an end to the truce.

News of the flour deal came as a shock to officials who had returned last week from Washington, after a preliminary round of talks aimed at ending the agricultural argument between the EEC and the United States.

These are to be followed up on February 10 in Brussels by detailed discussion.

The surprise announcement threatens to make future talks even more difficult than expected.

The American Administration appears to have decided that the best tactic is to fire a warning shot across the Community's bows and, at the same time, to do something to ease the angry clamour from its own wheat farmers.

Pressure on Europe, page 7

Alternative for dam rejected by Tasmania

Hopes of reaching a compromise in the controversy over the Gordon-below-Franklin hydro-electric dam in Tasmania received a setback yesterday when Mr Robin Gray the Tasmanian Premier, rejected an offer by Mr Malcolm Fraser, the Prime Minister, to give the island \$450m (£312m) to build a coal-fired power station instead (Ton Duboulin writes from Melbourne).

While Mr Fraser was announcing his offer in Hobart, Dr David Bellamy, the British botanist, and 27 other protesters against the dam began a hunger strike in jail.

World heritage, page 6

Letters, page 11

Two policemen given bail on shooting charge

By Staff Reporters

Two Metropolitan Police detectives, charged after last week's shooting of Mr Stephen Waldorf, were granted unconditional bail at a three-minute court hearing yesterday.

Det Constable John Jardine, aged 37, of the criminal intelligence branch, is accused of attempting to murder Mr Waldorf on January 14 at Pembroke Road, Kensington, west London.

Det Constable Peter Finch, also aged 37, and attached to "D" district covering the Paddington area, is accused of attempting to wound Mr Waldorf at the same place on the same day.

Both charges were brought under the section (11) of the Criminal Attempts Act 1981.

The two officers, who stood side by side in Horseferry Road magistrates court in London, had the charges read to them by the clerk of the court. They were remanded on bail until March 17 by Mr Edmund MacDermott, a stipendiary magistrate. Reporting restrictions were not lifted.

Mr Michael Chance, for the Director of Public Prosecutions, said that under the conditions stipulated in the Bail Act which would cause the prosecution in this case to seek remand in custody, or have conditions attached to bail.

Mr Robert Roscoe, solicitor for Constable Jardine, and Mr John Webber, for Constable Finch, each successfully applied for legal aid for the two policemen.

After the brief appearance in the packed court, the two detectives were driven away in a police car.

If found guilty, both officers could face life sentences. The

maximum penalties for attempted murder and attempted wounding are the same as for the actual offence. Both carry a discretionary sentence up to a possible maximum of life.

Section one of the Criminal Attempts Act, 1981, which came into force on August 27, 1981, created a statutory offence of the attempt to commit a crime. An offence is committed where a person does something that is "more than merely preparatory" to a crime.

Based largely on recommendations of the Law Commission, the Act codified in statute existing provisions in common law.

Doctors at St Stephen's Hospital yesterday reported that they were pleased with Mr Waldorf's progress and announced for the first time that he was no longer in any immediate danger.

A statement from the hospital said that although Mr Waldorf, age 26, a film editor, was still in an intensive care unit "all of his major injuries have responded well to treatment".

Minor surgery had been carried out on an arm wound and other minor surgery would be required as other wounds heal. Mr Waldorf could no longer be regarded as critically ill.

Mr Waldorf's parents, who are staying at the hospital, had a few hours sleep last night and were also pleased with his progress, the statement said.

During the day, Mr Waldorf was taken off the ventilator, the artificial respirator which has helped him breathe, for a short time and the hospital said it hoped to build up the periods without the machine.

Commons to investigate Livingstone's 'threat'

By Phillip Webster, Political Reporter

The Commons decided yesterday that an alleged threat by Mr Kenneth Livingstone against London MPs should be referred to the Select Committee of Privileges for investigation.

The powerful 16-man committee, whose members include Sir Michael Havers, the Attorney General, Mr John Biffen, leader of the Commons, and Mr David Steel, the Liberal Leader, has powers to imprison transgressors. The GLC leader and Mr John McDonnell, chairman of the GLC finance and general purposes committee, who also figured in the complaint by two MPs, could be summoned to appear.

MPs decided by 203 votes to 162 that the complaint over words allegedly spoken by Mr Livingstone and Mr McDonnell indicating an intention to restrict new services in the constituencies of London MPs

who failed to support a forthcoming GLC money Bill should be investigated.

They did so in spite of a letter from Mr Livingstone to the speaker, Mr George Thomas, which, in effect, denied that a threat had been made.

The complaint from Mr Ron Brown, SDP MP for Hackney, South and Shoreditch, and Mr John Wheeler, Tory MP for Paddington, arose from reports last week that London's 92 MPs were to be given an ultimatum after the Government had rejected a GLC application to spend an extra £75m.

In a statement on behalf of himself and Mr McDonnell, Mr Livingstone said last night: "We are surprised that Parliament has decided that it is more important to waste time discussing press reports of our thoughts rather than deal with the vital issues of unemployment and peace."

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What you're looking at is no Sea of Tranquillity.

Neither is it a scene from the imagination of some science-fiction artist (although we commissioned one of Britain's finest sci-fi artists to paint it).

It is what you would actually see if the waters of the North Sea suddenly became invisible.

Silhouetted against a huge moon are the four giant production platforms that form the core of the Brent oilfield.

The Brent Field, operated by Shell, lies far out to sea, roughly halfway between Scotland and Norway, and about 100 miles northeast of Shetland.

The painting shows (from left) the production platforms Delta, Charlie, Bravo and Alpha, each towering well over 700 feet above the seabed in its steel, or concrete, socks.

They are built to withstand one-hundred foot waves and winds gusting up to 160 mph while continuing to collect oil and gas, 24 hours a day, from rock depths lying some two miles beneath the sea-floor.

Floating in the far distance (bottom right) is the drilling rig Stadrig, prospecting for oil in another part of the Brent Field.

And riding the invisible seas with contemptuous ease (top right) is the 23,000 ton semi-submersible, pipe-laying barge Semac I.

FLAGS: a major new gas-gathering scheme in the North Sea.

We used Semac I to lay one of the world's longest, largest, deepest undersea pipelines. (The painting shows the pipe being fed over the stern of the barge and trailing down to the seabed.)

The pipeline is the backbone of a major new North Sea gas-gathering scheme known to the oil industry as FLAGS: Far North Liquids & Associated Gas System.

It will enable us to bring ashore the substantial and hitherto untapped gas reserves of Brent and other oilfields in the northern North Sea.

The FLAGS pipeline, 36" across and made of steel coated with concrete, runs 280 miles along the seabed between the Brent Field and St. Fergus in Scotland.

Laying it was an astonishing feat.

The North Sea is no millpond. It is quite the most hostile stretch of water the oil and gas industry has ever tackled.

Much of the pipeline was laid in appalling weather: force 10 gales, thick fog rolling in the troughs between giant waves, zero visibility.

The FLAGS system will before long be supplying some 12% of Britain's gas needs. (The Brent Field already supplies about an eighth of Britain's oil.)

But neither statistics nor adjectives (nor the vastness of our operating costs) can ever give you a real sense of the scale and scope of our work in the North Sea.

The Brent Field: an offshore oiltown.

The Brent Field, for instance, does not simply consist of the four great platforms attended by a pipe-laying barge and a drilling rig or two.

Several other giant structures (like the floating oil-storage and loading facility, Spar) are nearby. And platforms may be attended by 'floatels' (floating hotels) and semi-submersible diving barges.

Tugs, tankers and supply boats ply the surface, the latter bringing in everything from drill-pipe, cement for well-casing and drilling mud, to food and fuel.

Under the surface, mini subs and diving-bells are at work. While in the skies, helicopters constantly come and go,

bringing in vital tools and flying drilling crews and other technicians in and out.

Our platforms and rigs are crewed by over 3,000 men, who manage to tuck away well over 100 tons of food each week.

Power to keep the big platforms working is generated by turbines similar to those which fly large jet aircraft.

Computer banks continuously receive and process information about subsea oilwells and the many working functions of each platform, key data being relayed simultaneously to the platforms and Shell headquarters in Aberdeen.

The cost of these operations is so immense that it beggars description.

One way of putting it is that Shell's expenditure in the North Sea has amounted to more than half a million pounds per day, every day for the last eighteen years.

When we add up our chequebook stubs, our total investment to date works out at more than £4,000 million in 1981 money. Those figures double when you include the sums invested by us on behalf of our partners.

A conquest to rival the moon-landings.

Although there are projects which cost more, in terms of sheer technological innovation there is no other achievement on earth to match the conquest of the North Sea.

We have pushed back the limits of technology so far that the only fear which invites comparison is otherworldly: the placing of the first men on the moon by NASA's Apollo space programme.

As a matter of fact, the computer-room that monitors our operations has a great deal in common with that famous control-room in Houston.

And Shell is proud to be in the forefront of an endeavour which only twenty years ago, would have been dismissed as pure science-fiction.

You can be sure of Shell



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Six per cent inflation forecast by Howe

THE ECONOMY

The December figure for inflation was expected to be below 6 per cent, Sir Geoffrey Howe, Chancellor of the Exchequer, said when speaking in a debate in the Commons on the economic situation.

The recent fall in the value of sterling would have some effect on inflation, but not as much as many appeared to think, he said. The determination of the Government to bring down inflation was undiminished.

Mr Peter Shore, chief Opposition spokesman on Treasury and economic affairs, said that a realistic exchange rate was a pre-condition for economic recovery. A Labour Government would reintroduce exchange controls.

Mr Shore opened the debate by moving "That this House, recognizing that a competitive exchange rate is essential for Britain's recovery, condemns the gross mismanagement by the Government of its economic policies, particularly its exchange rate and interest rate policies, believes that these have greatly contributed to the collapse of Britain's industry and to the massive increase in unemployment; and calls upon the Government, as part of a new strategy to get the country back to work, to reverse the recent increase in interest rates and to reduce Britain's vulnerability to speculation by the immediate repositioning of exchange controls."

He said that while fevered in the money markets, the Chancellor had spent the Christmas recess in trappist silence and there had been no sign of life from the Treasury but for a drip of daily briefing. "Don't blame us, we are only the Government. Blame the Opposition instead."

The Prime Minister had then returned, dispatched the Chancellor to the microphone, and had given a long interview on Sunday on television in which the word "unemployment" had only once passed her lips, when she said that provided wage increases were below the current inflation level, they need not have more unemployment, thus that if living standards were cut, unemployment need not increase.

All over Britain the scourge of unemployment had returned. The Prime Minister had given no hint of recognition of the moral and social outrage involved.

Having refused to acknowledge, let alone face, the disasters that his policies had inflicted on the British economy and people, the Chancellor and the Prime Minister had doggedly resisted any change in exchange rate, however necessary they had known it to be.

I do not apologize (he said) for concentrating on the exchange rate. A realistic exchange rate is not a silver bullet for all our ills, but it is a provision for recovery. We all know why. An overvalued exchange rate is a tax on Britain's exports and a subsidy to foreign imports. It is a self-inflicted wound and it is not one we are no longer strong enough to bear.

Was the Chancellor aware that after pushing up the pound by 19 per cent in his first period of office, in the two years since January 1981 it had depreciated by just on 12 per cent? Has he been, in Mrs Thatcher's words last Sunday,

totally irresponsible or simply incompetent?

If the Chancellor still thought the 12 to 13 per cent depreciation of the pound sterling by 30 per cent. If he was serious on that, then there was a serious accompanying question about what he wished to have for wages alongside such a change.

Interest rates stood some 5 per cent lower than at autumn 1981 and undoubtedly lower than they would have been if the Government had not been pursuing a consistent policy of holding down its own spending and borrowing programme, and stood passively lower than if Mr Shore ever had the chance to introduce his foolish policies.

Mr Deane Healey Deputy Leader of the Opposition (Leeds East, Lab): Real interest rates in relation to inflation are higher than they were in 1981.

Sir Geoffrey Howe said real interest rates were high and had been high for some time around the world, because of high uncertainty that still persisted in the pace at which the world was making progress against inflation.

Government spending and borrowing were under control and on target and would remain so. Public spending plans for 1983-84 published in the autumn statement showed a reduction in public spending in cost terms and as a proportion of GDP compared with plans for the current year. Spending in the current year was likely to be below the planned figures.

The autumn statement indicated that the PSBR this year was likely to be some half a billion pounds below the red book estimate of £2,000m. Present indications were that reductions on the red book estimate might be rather greater than that. Government deficit as a percentage of GDP was and would continue to be one of the lowest among industrialized countries. Monetary policy was on course.

Fiscal and monetary discipline was bringing results. During the last year inflation had been falling, nowhere faster than in the UK. At the Budget, he suggested Britain should hold the line at inflation of 9 per cent at the end of 1982. At the time the autumn statement he spoke of 6½ per cent.

Now it was plain that both those forecasts were on the side of caution because he suspected that the December figure would prove to be below 6 per cent, and would be 10 per cent at the end of 1981.

The recent fall in sterling would have some effect on future inflation levels, but not nearly as much as some appeared to think or the Opposition appeared to hope. The determination of the Government to bring down inflation was undiminished.

Progress had been in recent months faster than was forecast and might, in consequence be rather slower in months ahead. But Britain would continue to experience the benefits of sound financial policies, improving efficiency and more common sense in wages and productivity.

Productivity was up by some 13-14 per cent since the end of 1980 and was rising faster than in partner countries. Unit labour costs were rising by only about 5½ per cent a year, which was a low rate for the world.

Exports had held up better than possibly have studied carefully the substantial matters involved.

Mr Colin Shepherd (Hereford, C) said he was disappointed at the publication of the report had been handled in that it would appear leakage of it would have come from the railways side.

Mr Howell: I have expressed my strong feelings on the speculation. I have heard it described as astute by some, but it is highly counterproductive and damaging for the future of the railways.

Mr Albert Booth, chief Opposition spokesman on transport (Barrow-in-Furness, Lab): What useful purpose has been served by delaying the publication of the Serpell report until tomorrow?

He has said a number of reports have been inaccurate or misleading, would he say whether those who reported that one of the options was for a 40 per cent increase in commuter fares were inaccurate and whether those who reported an option for substantial cuts in the network were reporting inaccurately?

If so, would he give a clear assurance the Government has no intention of proceeding on proposals along those lines?

Mr Howell: There has been no delay in publication of the report. As for the inaccuracies of which he has repeated one or two, to go on record

disassociate himself from the natural implications of that proposition. It was clear he was prescribing devaluation of the pound sterling by 30 per cent. If he was serious on that, then there was a serious accompanying question about what he wished to have for wages alongside such a change.

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Shore: Self-inflicted wound

many people expected and Britain would continue to run a substantial current account surplus another new area in which the autumn statement was proving to be over-cautious.

As long as the nation maintained a sensible approach to pay bargaining - and settlements needed to go down still further - it could hope to maintain its share of the world market which would expand again in 1983 after falling in 1982. It took time for all the results of sound policies to come through (Labour laughter).

There was a short cut route identifiable in any country in the world consistent with sound policies for reducing the current tragically high unemployment figures, the Government would have been the first to take it, but experience demonstrates there was not.

It was only by pursuing sound policies that Britain could hope to reverse the apparent trend of unemployment which had lasted so long in Britain and was manifest throughout the industrialized world. It was only by continuing to work rates, improved competitiveness, and containing the battle against inflation that there could be a sustainable prospect of higher employment.

The November industrial production figures were disappointing but the autumn statement forecast some fall in the second half of 1982. 1983 the prospect was still one of modest recovery in world trade and some improvement in United Kingdom manufacturing output.

There had been uncertainty about world oil prices and the possible future policies of Opec, and such a doubt about the future had created nostalgia for the older and simpler regime of fixed exchange rates, but a return to such a regime was impractical.

Everyone wanted to see a return to greater currency stability and that was an agreed objective, but the way to such stability was to work towards a lower and more stable rate of inflation. There was no substitute for that.

The disturbance in markets around the turn of the year did owe something to fears, however unjustified, that the Opposition was conceivably about to treat by the individual to put their inflationary policies into effect.

The Government had shown there was no question of any lack of resolve. There could now be no doubt about its resolve to maintain economic and monetary policies consistent with effective policies against inflation and with maintenance of sound money. There was no reason for a further rise in interest rates. If the exchange rate fell further, it could be only temporary, and those tempted to speculate on that could come to regret their action.

The underlying inflation rate prospect was still good. It had been suggested that a depreciation of the kind which had taken place might, if

We have to make the best use of our rolling programme, which is running at about 70 miles a year, and the sooner we finish repairs, the less work actually occurring there at all, and what is the going to do about it?

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Howe: Policies take time

it persisted, add two or three per cent to the retail price index after a year or 18 months. But this was much too pessimistic a view.

A fall in the exchange rate would only have a lasting effect on inflation if it resulted from unsound money. Policies for sound money would ensure no lasting effect. Some modest price generally remained - we could not expect exporters to Britain would try to maintain the sterling price of their products by reducing profit margins.

The Opposition (he said) if wrong to suggest that the recent change in the exchange rate heralds a certain reversal of progress against inflation.

Provided the gains in competitiveness were not dissipated and there was continuing moderation in pay settlements, the progress already made would be maintained.

How could Mr Shore ensure that, if he ensured the devaluation he wished, the competitive advantages he might follow were not destroyed? Mr Shore professed not to know.

He did not know how, consistently with all the natural economic consequences of Labour's proposals, Mr Shore had the gall to offer lower interest rates. Mr Shore's was a reckless programme of extravagance.

There could be no question of exchange controls being re-introduced. The Opposition should realize such controls were not the answer. None of the easy answers put forward by the Opposition, such as a spending spree with borrowed money, would provide the answer, and the good sense of the British people would see through such ideas.

The Water Bill which alters the constitution and procedure of water authorities and increases water rates, was being debated on Wednesday morning.

An Opposition new clause designed to protect the right of access by the press to meetings of water authorities was rejected during the report stages of the Water Bill by 273 votes to 221. Government majority, 52.

Parliament today Commons (2.30): Questions: Agriculture: Prime Minister. Motions on rate support grant orders for England, London (3). Data Protection Bill, second reading. Debate on energy costs.

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Privileges committee to study Livingstone's words

PRIVILEGE

By 203 votes to 162, majority 41, the Commons decided to refer to its Committee of Privileges words spoken by Mr Ken Livingstone, Leader of the Greater London Council and Mr John McDonnell, chairman of its Finance and General Purposes Committee, indicating "an intention to restrict the provision of new services in the constituencies of any London MP who failed to support the provisions of a forthcoming Greater London Council Money Bill."

The issue had been raised by Mr Ronald Brown (Hackney, South and Shoreditch, SDP).

Before it was debated the Speaker (Mr George Thomas) read a letter he had received from Mr Livingstone. It said:

I understand from the media that some members of Parliament have raised an issue of privilege. I am enclosing a copy of the minutes of the GLC's policy committee, which met on January 12, 1983 and decided (Agenda item 11.7) capital allocation 1983-84, "that lists be prepared of projects which are at risk in each constituency and that these be provided to MPs who would be asked if they were willing to support increased capital allocation for the GLC. It would also be made clear that decisions on which projects would proceed would not be based on how MPs voted but on the needs of London."

You may also have seen an unusually accurate article in the *Evening Standard* which says: "Mr Livingstone now claims that people got the wrong idea over remarks made by councillors. He said: 'Of course the GLC will continue to allocate resources on the basis of need to do otherwise would be to penalize the working people of London.'"

I hope this letter will resolve an otherwise confused situation. I also hope that you will not mind my having given copies of this letter to the media as I am sure you will understand that there has been considerable media interest in our response to the issue raised in the House this afternoon.

Yours sincerely, Ken Livingstone.

Mr Ronald Brown moving that the matter be referred to the committee said he had acted because it was the interest of Parliament. It was not right and proper that anybody should put pressure on an MP that, unless the took a certain course of action, something would happen to him.

They are not in a position (he continued) to offer any MP money to vote in favour of something. Both bribery and blackmail would be wrong to put pressure on an MP. It felt that if the committee could look at this case and examine it one would feel, at any rate, that we could safeguard MPs from pressure.

Mr Livingstone's letter had spoken about projects being based not on how MPs voted but "on the needs of London."

He could (Mr Brown continued) not want but instead directed to the growth-points which would be reflected in record post teaching ratios. In England there was now one teacher for every 18.5 pupils.

What was needed for the nation's children was good teaching, good curricula, a high level of standards, and high expectations. These could not be provided merely by an expenditure of money that the nation could not in any case afford.

She wanted to emphasize the folly of being concerned with uniformity, quantity and money. The consistent programme of the Government had been to emphasize diversity and quality, to promote choice, and to ensure that already large sums spent on education were used effectively and for the benefit of all children.

The Bishop of Chichester said the universities and other educational institutions in the country lived in a constant state of competition. No one knew where the axe would fall next and that was not a condition that made for good education.

That was the Government's philosophy of education. The question could not be evaded by saying that it was only concerned in set limits of expenditure. Who would the end will the means. The determination of financial priorities involved moral and philosophical judgments.

Lord Hatch of Lusby (Lab) said that to prevent the disintegration of rural areas and to preserve, extend and increase the prosperity of the rural and agricultural sector of society, special attention must be paid in rural schools and the provision for them.

To continue the policy of attrition would be to undermine and finally destroy those rural communities on which a great deal of the renaissance of the economy depended.

Lord Pennock, a former president of the CBI, said in a maiden speech that the demands of competitive and technological change require more managers in business who were graduates and especially more who were trained in science and technology.

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the comment of Mr John McDonnell: "Support us and we will implement this in your area, and your refusal to support our programme will mean this will not go ahead."

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Tensions in Central America

US to hold manoeuvres in Honduras next month

From Our Correspondent Washington

The United States and Honduras will hold a large-scale joint military exercise in Honduras next month designed to improve the Central American country's defences, the Pentagon announced yesterday.

The six-day manoeuvres, in which about 1,600 American and 4,000 Honduran troops will take part, will begin on February 1 in a sensitive area of eastern Honduras, near the border with Nicaragua.

The troops are under strict orders to stay at least 10 miles from the border area. No US ground combat troops will be directly involved. About 900 US support personnel will be on Honduras soil.

The Reagan Administration has denied Nicaragua charges that the US is supporting cover operations against the Sandinist regime in Nicaragua, which Washington has alleged is a subversive threat to Honduras.

The US Government has also accused the Sandinist regime of Nicaragua, which is backed by Cuba and the Soviet Union, of aiding the left-wing guerrillas in



El Salvador, a friendly neighbour of Honduras, which is also fighting a left-wing guerrilla insurgency, has invited Nicaragua to send a military representative to observe the exercise in a move evidently designed to allay any fears that the manoeuvres are a covert operation against the Sandinist regime.

Code-named "Ahuas Tara" ("Big Pine" in the Miskito Indian language), the exercise is aimed at teaching mobility, forward air control and communications assistance to Honduran forces.

Last year about 80 American

troops joined 1,000 Honduran forces in a two-week command, control and transport exercise. The Pentagon also announced that about 6,000 troops would join members of the Panamanian national guard for joint exercises along the Panama Canal between February 11 and 17.

The Panamanian exercises are in keeping with provisions of the Panama Canal Treaties. These give the US the main responsibility for the canal's defence until it is handed over to Panama at the end of the century.

● **TEGUIGALPA:** Honduras said that observers from Guatemala, El Salvador, Nicaragua, Costa Rica and Panama had been invited to the exercise (Reuters reports).

● **MANAGUA:** Eighteen Nicaraguan soldiers and 24 right-wing guerrillas were killed in clashes near the Honduran border in the last week, the Defence Ministry said.

It said the guerrillas came from Honduran territory and the clashes occurred in the Nicaraguan provinces of Jinotega and Zelaya.

The many faces of El Salvador

San Salvador (NYT) - Mr Stephen Solarz, a Democratic Congressman from New York, sat in a cell at the Mariona prison and asked five of the political prisoners there to describe the torture inflicted upon them.

Señor Antonio Carras, a secondary school teacher who said he was not sure why he was in prison, said he had received chemical burns, and pulled off his shirt to show a three-inch scar that began in the middle of his chest and made a rutted path across his back.

Mr Solarz visited San Salvador this month, with several other members of Congress, to find out what is happening in this land that received \$279m (£174m) in military and economic assistance from the United States last year.

The Reagan Administration must certify this month that El Salvador is making progress in human rights and economic and political improvements for the military part of the aid to continue. By the end of the month, some 16 delegations,

including congressmen, doctors, lawyers and academics, will visit the capital.

After three days of being shuttled around in armoured vehicles to talk with business and political leaders, as well as prisoners and farmers, Mr Solarz said: "It is very hard to grasp what the reality of this place is. El Salvador is like a Kabuki play - all of the actors are wearing masks. When you talk to some of the heads of the security forces that have been responsible for killing civilians they sound like leaders of Amnesty International."

By the end of his visit Mr Solarz still believed, as he had when he arrived, that the war would end only through negotiations. But he also had begun to understand that such a clear-cut proposal has its problems in a country as complicated as El Salvador.

"I hadn't fully appreciated how power in El Salvador is fragmented," he said. The Government presides very tenuously over the country. The right here holds power that is

disproportionate to their numbers."

In his 72 hours in San Salvador, Mr Solarz asked those he met whether they thought it was a good idea for the United States to refuse military aid unless the Salvadoran Government ends the killing of civilians and agrees to unconditional talks with the leftist opposition.

"We believe that any aid should be very well conditioned," Señor Jorge Canache, the president of a local union, said.

● **Base attacked:** About 500 left-wing guerrillas attacked a military base in the central Salvadoran province of San Vicente on Tuesday with mortars and automatic weapons. ● **Washington:** Senator Rubeen Zamora, a Salvadoran rebel leader, disputing an expected State Department announcement tomorrow that the human rights situation in El Salvador was improving, said that the Administration was lying and "most members of Congress know it". (AP reports).

Pravda gibe at 'nuclear truncheon'

Moscow (Reuters) - Pravda made a fierce attack on the United States yesterday alleging that right-wing politicians intended to use nuclear weapons to dictate their will in both Eastern and Western Europe. It also denounced Washington over its attitude towards détente and its stance in nuclear arms talks in Geneva.

The newspaper said that hawks across the Atlantic intended to wield "a big nuclear truncheon" so that, threatening to swing it at any moment, they can attempt to dictate their will both in Eastern and Western Europe.

Western diplomats said the attack was clearly intended to bolster the anti-nuclear movement in Europe, and that by linking its own fate with that of West European countries the Kremlin hoped to isolate the United States from its NATO allies.

Pravda published two separate articles, both of which appeared to indicate that the Kremlin was stepping up its efforts to put pressure on Western governments to accept a Soviet proposal to include British and French nuclear weapons in United States-Soviet arms negotiations.

The party organ added that Washington had rejected détente and was now trying to impose its views on its NATO allies. "Official Washington is out to mobilize its allies so as to destroy by joint efforts the material foundation of the policy of détente," it said.

The newspaper said that one United States aim was to cut down on trade and economic cooperation between the nations of Europe. "The intention is to undermine détente where it has struck the deepest roots and achieved most signal successes."

"They intend turning the cradle of détente, including military détente, which originated on the European continent, into a nuclear missile powder keg and firing ground."

● **BONN:** Mr Andrei Gromyko, the Soviet Foreign Minister, ended his visit to West Germany yesterday with a further round of talks with political leaders before flying directly to East Berlin to start another official visit (Michael Binyon writes).

In the morning he met Herr Hans-Jochen Vogel, the Social Democratic leader, and discussed with him the issue that has dominated his three-day visit here - disarmament and the Geneva medium-range missile talks.

He also held another round of talks with Herr Hans-Dietrich Genscher, the Foreign Minister.

Foxy Gromyko, page 10

Ex-minister accused of role in deporting Jews

From Diana Geddes, Paris

M Maurice Papon, aged 72, a former minister under President Giscard d'Estaing and former chief of police in Paris, was charged yesterday with "crimes against humanity" for his alleged involvement 40 years ago in the arrest and deportation of 1,690 French Jews to extermination camps in Germany.

The allegations date back to May 1981, just before the presidential election, when Le Canard Enchaîné, the French satirical weekly, published documents, allegedly signed by M Papon, secretary-general at the Gironde Prefecture between 1942 and 1944, in which he asked the local police to provide him with the officers required to deport Jews from a camp near Bordeaux.

M Papon is also accused of having asked Vichy Government

ment police officials in August 1942, if he should carry out German instructions to deport Jewish children living with French families in Bordeaux, whose parents had already been sent to Germany, and having received an affirmative answer of having done nothing to help save the children from their subsequent deportation to Auschwitz.

Shocked by the Canard Enchaîné's accusation that he had played a part in carrying out the anti-semitic policies of the occupying Nazi forces and the Vichy Government, M Papon, who was Budget Minister between 1978 and 1981, said that his accusers were acting from political motivation.

He had never sought to hide his actions during the occupation, he said, having been advised to remain in his post by the Resistance leaders. "During the whole of this period my behaviour was always in accordance with that of a member of the anti-German resistance," he insisted.

He called for the establishment of an "honorary jury" consisting of former members of the Resistance, to give their "verdict" on the affair. After a lengthy inquiry, the "jury" decided that M Papon had "carried out acts that were seemingly contrary to the jury's conception of what would have been honourable", and suggested that he should have resigned from his post in July, 1942.



M Papon: Denies the charges.

Beagle Channel incident upsets Brazil

From Patrick Knight São Paulo

The Brazilian Government has asked Argentina for an explanation of an incident involving a vessel of Brazil's first expedition to the Antarctic, the Barão de Teff, which was intercepted on Tuesday by an Argentine patrol boat as it tried to enter the disputed Beagle Channel.

The Argentines attempted to put a pilot on board the Barão de Teff as it was on its way to the Chilean port of Punta Arenas, to take on provisions and refuel before returning to Antarctic waters. The Barão de Teff turned back, rather than take the pilot and took a longer route to Punta Arenas.

The Brazilians say that naval vessels do not need permits, and in any case sovereignty over the disputed area still has to be decided. The Beagle dispute is now under the jurisdiction of the Vatican after Argentina refused to accept the British crown judgment in Chile's favour several years ago.

By Tony Samstag

A jubilant Dr David Bellamy, the British botanist and television personality, spent his fifteenth birthday on Tuesday in a Tasmanian jail. It had all gone according to plan: he had been arrested on Monday with 30 other protesters in a remote forest wilderness and detained after refusing to undertake not to repeat his offence.

Dr Bellamy's arrest was only the most celebrated in a series of confrontations that has seen hundreds of environmentalists rounded up by the police and charged with trespassing on land controlled by the Tasmanian Hydro-Electric Commission.

The protesters are attempting, at several sites, to prevent the commission from building dams on the Franklin and Gordon rivers in a speculative project that would produce 180 megawatts of electricity for which there is as yet no market. The dams would flood about 16 per cent of a region known as

The Polish economic crisis

Nuggets of success amid deep gloom

From Roger Boyes, Warsaw

Like prospectors panning for gold, Polish ministers have proudly presented small nuggets of success in an otherwise bleak economic terrain.

Coal production in 1982 - once the measuring stick of the economy - has increased by almost 26 million tonnes to reach 190 million tonnes, and coal exports to the West have almost doubled.

Sugar production from the 1982 best crop is heading for a record, raising hopes that some can be exported and Poland has just recorded its first trade surplus - \$400m (about £250m) - for many years.

That is the end of the good news. The rest of the story has been presented in particularly grim terms by Mr Stanislaw Nieckarz, the Finance Minister.

Mr Nieckarz made clear that Poland will be able to repay only \$2,000m to Western creditors and that its trade surplus was more due to a 23 per cent drop in imports - largely because of the block in Western credits - than any export-led recovery.

He said revenues from exports to the West were expected to reach \$3,600m this year which was "not enough to secure basic imports and pay the debts".

Mr Nieckarz said that of Poland's total output, only 12 per cent was going towards export and this included exports not earning dollars. Two principal imports, oil and grain, posed problems. Poland imports much of its oil from the Soviet Union and prices will increase this year though they would still remain under the Opec level.

The state bought only 2.7 million tonnes of grain from the country's mainly private farmers last year, so Poland would have to import more for domestic consumption and for fodder. Talks were under way with two suppliers, Austria and France, and Warsaw was waiting for a response from Canada to renew a three-year agreement.

Because of the general Western reluctance to grant Poland credits, the Government had to pay cash for grain from the West in the first quarter of this year and was negotiating cash

deals with Hungary, Romania and the Soviet Union.

The tone of these ministerial utterances is to lower the expectations of the Polish people, to damp down any hopes of wage increases or Solidarity-type concessions. Some prices will go up in the first half of the year, but food prices will stay stable at least until the summer. Rationing of food and other goods will remain to stop panic buying.

Apart from debts and imports from the West, Poland's main concerns remain those of supplying enough food for the population, controlling inflation (that is, too many zlotys chasing too few goods) and the related problem of labour productivity (workers are not increasing production sufficiently because money has lost its value as an incentive).

These factors must have weighed heavily on the minds of the Western banking delegation which recently held a round of talks in Warsaw to discuss the rescheduling prospects for Poland's commercial debts to the West.

Total capital and interest

repayments due in 1983 are estimated to be between \$8,000m and \$10,000m and the total debt to Western banks and governments is, according to Mr Nieckarz, about \$25,000m.

Other vital statistics include: ● An overall decline of 2 per cent in 1982 compared with 1981 in industrial production, despite some improvement in the autumn. Production is still 16 per cent below 1979 levels.

● Incomes increased last year by 62 per cent, largely to compensate for radical price increases. This increase was not matched by an increase in goods on the shelves. Hence the drastic drop in the spending power of the zloty.

● Sales of potatoes, an important staple to the state, fell in 1982 by 96.8 per cent to 2.3 million tonnes. Fodder production also fell.

● The number of those employed in the state sector of the economy fell last year by 378,000.

● Labour productivity was up 4 per cent on 1981; but 10 per cent down on 1979.



Marchais sues over rape report

Paris - M Georges Marchais, Secretary General of the French Communist Party, (above) is suing for libel a right-wing police federation which accused his 13-year-old son, Olivier, of taking part in a gang rape of two girls last November. He wants Fr200,000 (nearly £20,000) damages (Diana Geddes writes).

A report of the alleged rape "involving the son of a well-known Communist official" appeared in the weekly paper *l'Espresso* on December 11. It was said in court. Readers ringing a telephone number at the end of the article were told that M Marchais' son was one of the gang. The number was that of the head of the accused police body.

Eight satellites on one rocket

Moscow (AFP) - The Soviet Union, using a single rocket, successfully launched eight more earth satellites in the Cosmos series Nos 1,429 to 1,436. Orbiting at between 950 and 900 miles, they are carrying scientific equipment for space studies.

The core of the nuclear reactor on Cosmos 1,402 and other remnants of that fragmented satellite will re-enter the atmosphere in mid-February with acceptable radioactivity, if any, it has been announced here.

Anti-runway man sentenced

Frankfurt (Reuters) - Alexander Schubart, a leading opponent of Frankfurt's third airport, was given a suspended two-year jail sentence for trying to put the West German Government under duress through his call for demonstrations against its construction.

His lawyers promised to appeal against the verdict and his supporters called for mass demonstrations last night in the city centre.

Caution for Medvedev

Moscow - Dr Roy Medvedev, soviet historian, told Western reporters in his Moscow flat yesterday that he had been summoned to the Moscow procurator's office and warned to cease anti-government activities or face arrest.

In his view, the warning to him was part of a new crackdown on dissent. He had been shown a document which described his writing as hostile lampoons slandering the Soviet Government and contrary to the interests of the state and social system.

Nosebleed holds up heart man

New York - Doctors reported an immediate improvement in the condition of Mr Barney Clark, the first recipient of a permanent artificial heart, after a minor operation on Tuesday to stop a "gushing" nosebleed. His release from hospital has been delayed, however.

"There is no question that this is going to delay his recovery," a spokesman for Houston Medical Centre in Salt Lake City said.

Topless slip-up

Washington (AP) - The US Air Force has disciplined several officers, some of them fighter pilots now on staff duty, for hiring a topless dancer to perform at a pre-Christmas party in the Pentagon basement. This was a violation of Air Force policy barring "practices that are not in good taste" a spokesman said.

Whale rescue

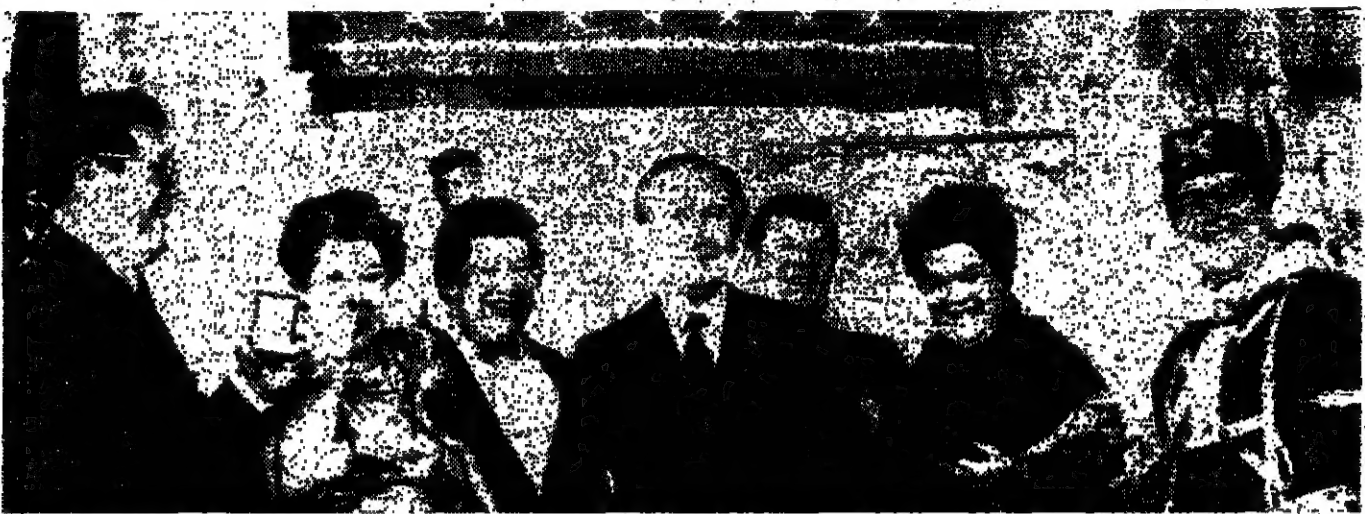
Melbourne (Reuters) - People tried to drag the survivors of a herd of 90 whales stranded on a beach 1800 miles east of here back into the sea. Other rescuers doused them with buckets of water but half the herd were dead.

Lockheed killer

Norristown (Reuters) - Roger Buchi, aged 25, a vagrant, was convicted of murdering Mr Courtland Gross, former Lockheed Aircraft Corporation chairman, his wife and their housekeeper at their estate in Philadelphia on July 15.

Hungary dry

Budapest (AFP) - Only soft drinks will be served from now on at Hungarian official functions, Mr Istvan Hapety, Finance Minister has decided. In other economy measures no more than one official reception will be held for visiting foreign dignitaries, and gifts to foreigners must not exceed 500 forints (about £10).



Medals returned: The children of the legendary American Olympic athlete, Jim Thorpe, receiving the medals won by their father in 1912 and taken from him because he had played semi-professional baseball. They were returned at a ceremony in Los Angeles by Señor Juan Antonio Samaranch (centre), president of the International Olympic Committee.

Beatings 'ordered by Eitan'

Tel Aviv (Reuters) - General Rafael Eitan, the Israeli Army chief of staff, ordered soldiers to harass the Palestinian population on the occupied West Bank and use strong-arm tactics to crush violent unrest there last spring, according to documents presented to a court martial yesterday.

Seven soldiers, including the former deputy military governor of Hebron, are on trial accused of brutally mistreating local residents. The documents were presented by a defence lawyer, Mr Yehuda Resler. He said they contained a record of two discussions held by General Eitan and his senior officers on how to stamp out an unprecedented spate of anti-Israeli demonstrations last March and April.

The violence erupted after the Israelis dismissed several West Bank mayors in a crackdown on supporters of the Palestine Liberation Organization.

Captain Akiva Saranovitch, operations officer in Hebron at the time of the unrest, testified that the documents were circulated among Israeli officers and represented a clear policy statement on how to behave towards local residents.

"The documents contain the phrases 'harass the population' and 'enforce tough punishment', the lawyer said. The rest of their contents were not made public.

The court also heard evidence from Major Baruch Nagar, who was convicted last April of assaulting a Palestinian. He received a two-month suspended sentence, but was allowed to remain in his post. Yesterday he described how soldiers beat up Palestinian detainees from the Hebron Islamic college last March. He said he intervened to stop the beatings.

The trial continues.

Syrian 'right' to new missiles

Damascus (Reuters) - Syria made its first official comment yesterday on reports that it had acquired long-range Soviet anti-aircraft missiles, declaring that it was the natural right of a state under threat to possess defensive weapons.

The comment, broadcast by the state-run Damascus radio did not say whether Syria had taken delivery of SA5 missiles from the Soviet Union.

The missiles have a range of 190 miles and from Syria would be able to hit aircraft over much of Israel. American officials announced earlier this week that SA5s were being deployed at two sites in Syria and would have most Israeli air space in their range.

● The Soviet Union rejected United States complaints about the deployment of SA5 missiles in Syria (Reuters reports).

Responding to comments by the State Department spokesman, Iwenski said Washington wanted only to ensure that Israel had complete military supremacy in the region.

● **JERUSALEM:** On the eve of the second of substantive negotiations between Israel and Lebanon, Mr Yitzhak Shamir, the Foreign Minister, said yesterday that Israel would be insisting that its soldiers run three new early-warning stations in southern Lebanon as part of any troop withdrawal agreement (Christopher Walker writes).

The minister's statement followed reports that Mr Philip Habib, President Reagan's chief Middle East envoy, had earlier this week presented a compromise proposal thought acceptable to the Lebanese that the stations be manned by Americans.

In an interview with Israeli radio, Mr Shamir said that Israel was pressing for full cooperation between the Israeli and Lebanese Armies in manning the stations, which were part of the new security arrangements Israel was seeking as an integral part of any final agreement at the talks.

The minister said that Israel had not put forward the idea of

manning the stations in order to withdraw it. He could see no reason for Lebanese objections based on claims of Lebanese sovereignty since the arrangement was designed to be temporary, and the subject of negotiation and the ability of the Lebanese Government to exercise full control over its territory.

● **NEW YORK:** The United Nations Security Council has renewed for another six months the mandate of the peace-keeping forces (Unifil) stationed in southern Lebanon, although they are merely in a token island of Lebanese sovereignty surrounded and controlled by the Israeli occupying army (Zoriana Pysarski writes).

But if the Lebanese Government has its way Unifil will be given a new lease of life and become an important part of efforts aimed at the restoration of self-rule to a state, which is now at the mercy of the Israeli and Syrian armies and remaining PLO guerrilla forces.

Mrs Bhutto derides Zia reforms

Begum Nurat Bhutto, the widow of the late Prime Minister of Pakistan, has derided the latest political plans by President Zia ul-Haq as a "phased transformation from military government to a civilian oligarchy".

Interviewed in the latest issue of *Democratic Pakistan* published in London yesterday, Mrs Bhutto said that the main tenets of President Zia's scheme were to create "rubber stamp national and provincial assemblies with the military selecting the candidates, amending the 1973 constitution or drafting a new one, would legitimize Zia's takeover in 1977 and give a political role to the army".

House arrest threat to Smith during debate

From Stephen Taylor, Harare

The Zimbabwe Parliament adjourned in uproar last night after an acrimonious debate on a Government motion to extend the state of emergency for the seventh time since independence.

During the three-hour debate, which was marked by personal exchanges between black and white MPs, Dr Herbert Ushewokunze, the Minister of Home Affairs, threatened to have Mr Ian Smith placed under house arrest.

The debate started in a highly-charged atmosphere amid renewed dissident violence which has claimed more

than 120 lives in the last 11 months.

Dr Ushewokunze, introducing the motion, said the sweeping powers to detain without trial were needed to give the security forces "sufficient control" in tracking down dissidents, mostly renegades of Mr Joshua Nkomo's Patriotic Front party.

The debate heated up when Mr Smith, the Republican Front leader, said the Government was falling into the trap of thinking it could use military muscle to solve a political problem. It was a stalemate caused by Mr Nkomo's dismissal from the Cabinet last year.

Tasmanian dam, 2: The heritage

Where devils and tigers may no longer roam

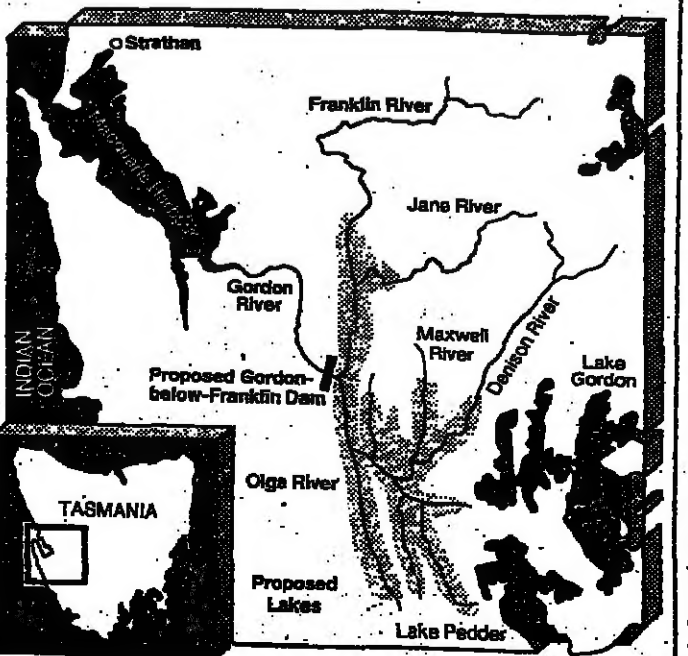
the south-west wilderness, more than 6,000 square miles of temperate rain-forest and associated transitional habitats, defined by scientists as the largest such wilderness area in Australia and among the three largest in the world.

The region was last month designated a World Heritage site by the United Nations Educational, Scientific and Cultural Organization in Paris, reinforcing the view of the Tasmanian National Parks and Wildlife Service, in a paper delivered to the World National Parks Congress in Bali last October, that "this wilderness area is now at a turning point. Further resource development and compromise land-use decisions will completely destroy its nature conservation value."

Of 165 plant species endemic to Tasmania found in the south-west, 29 occur only in the south-west and some are rare and endangered. Two of 21 species of mammals recorded there are considered rare and en-

dangered; it is one of the last habitats for the Tasmanian devil, which is extinct on the mainland, and may be one of the very few possible strongholds for the Tasmanian tiger.

The orange-bellied parrot, one of the rarest in the world, breeds only in the south-west; the native ground parrot is also endangered.



سكول من الإمل

Two hurdles to clear before accord on fish

From Ian Murray, Brussels

Two big hurdles have to be cleared before a common fisheries policy for the EEC can be agreed after Tuesday's successful talks in Bonn between Denmark and the West German presidency of the Community.

One is that the Danish Parliament, which has so far been opposed to the proposals which have already been approved by the nine other member states, must agree the terms.

This would appear to be the easiest hurdle to clear, as Mr. Uffe Ellemann-Jensen, the Danish Foreign Minister, appears to have already obtained support from the Danish political parties for the package.

More difficult is to ensure that every other member state is satisfied with the "clarifications" given to Denmark, which is the main country involved, has yet to be told what these are. In consequence it is impossible to say at this stage whether they coincide with the British understanding of the CFP terms agreed so far.

Mr. Peter Walker, the British minister for fisheries, made it clear in Brussels this week that the CFP package as it stood was not negotiable. Any "clarifications" to it would have to be on subjects not specifically covered in the proposals, or else would have to be totally in line with British interpretations of the terms.

Denmark is expected to be seeking longer-term guarantees about mackerel catches of about

22,000 tonnes, said Britain will be very wary about approving any "clarifications" which might allow Denmark to believe it had the right to any fish in the future which it had not been allowed to catch in the past.

A vital factor in reaching settlement would seem to be the pressing domestic demands of both the Danish and West German governments.

The "clarifications" given to Denmark are expected to be given to other member states over the next few days with the Danish proposals remain a closely guarded secret, reliable sources here say that they include improved long-term guarantees on annual allocations of cod and mackerel for Denmark inside EEC waters, as well as in the waters of non-member states such as Norway, Sweden and the Faeroe Islands, with which the EEC is eventually to negotiate fishing quotas after the Ten agree on their own fisheries policy.

Government sources said that talks between Britain and Denmark would take place within the next two days.

● **COPENHAGEN:** Growing optimism about a possible impending agreement between Denmark and the other EEC members on a final solution to the fisheries dispute is causing concern among Danish fishermen. (Christopher Follett writes.)

Although I fully understand the need for discretion if a political solution to the fisheries dispute is to be reached, I find the fact that the Danish Government has kept its totally in the dark rather disquieting. Mr. Laurits Toernæs, the chairman of Denmark's Sea Fisheries Association and the Liberal Party spokesman, said:

Mr. Paul Toernæs, the director of the Danish Fisheries Export Association, described Britain's threat to seize Danish vessels fishing inside its 12-mile offshore limits as "a Falkland ultimatum."

"The British Government is fully aware that its national measures will cease to be valid on January 26 and must therefore be willing to make concessions," Mr. Toernæs said.

Mr. Ellemann-Jensen said on Danish radio yesterday that the new Danish proposals lay clearly within the framework drafted by the Danish Conservative-Liberal minority coalition Government and the leading opposition party, the Social Democrats last week.

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Government sources said that talks between Britain and Denmark would take place within the next two days.

● **LONDON:** The fishing industry in Britain was reacting cautiously last night to the prospect of a settlement of the dispute with Denmark (John Young writes).

Fishermen's organizations gave only reluctant support to the deal, concluded by Mr. Walker with the other eight EEC members and, until they know the precise terms of any agreement with Denmark, they remain suspicious.



"Hope you felt at home in America, Mr Nakasone"

Washington keeps pressure on Japan

From Mohsin Ali, Washington

President Reagan, after two-day talks with Mr. Yasuhiro Nakasone, the Japanese Prime Minister, yesterday announced US-Japanese trade liberalization measures by Japan.

Mr. Reagan said that they had taken the first significant steps towards resolving the urgent challenges which faced the two countries in trade and defence.

"We can now move forward with our 1983 agenda which seeks mutually acceptable answers to questions especially in trade that continue to weigh heavily on our relationship."

Their talks took place in an atmosphere of growing American concern over the \$20,000m (£12,500m) imbalance in US-Japan trade and defence spending. These have increased demands among some business, labour and congressional leaders for protectionist measures against Japanese imports into the US.

Describing their meetings as excellent both on a personal and professional level, Mr. Reagan announced that they had agreed

to establish a United States-Japan working group on energy to "explore how the abundant opportunities for energy cooperation could be transformed into realities for the benefit of both their countries."

American officials later said that the working group would discuss oil, gas and synthetic fuel. Japan is known to be interested in the possible purchase of Alaskan oil.

Mr. Nakasone also accepted an offer for Japanese participation in the United States shuttle programme, including an invitation for a Japanese specialist to be a part of the space lab mission.

The President said that they both looked forward to continuing "our efforts together to peaceful use of the vast expanse of space."

Mr. Nakasone, replying to the President's remarks, said that he was going back home from this three-day Washington visit with satisfaction and confidence. He announced that he had invited Mr. and Mrs. Reagan to visit Japan at a date to be agreed.

'Not guilty' Astles stays in jail

From Charles Harrison, Nairobi

For the second time in two years Mr. Bob Astles, the British-born aide of the ousted President Idi Amin, has been acquitted by a Kampala court of serious charges. But he remains in Luzira prison under a detention order which cannot be questioned by a court.

Mr. Astles has been in jail since 1979, when he was extradited to Uganda after fleeing to Kenya shortly before President Amin was overthrown by Tanzanian troops.

He was extradited to face a charge of murdering a fisherman on Lake Victoria in 1978, when he headed an anti-corruption squad of the Uganda police.

The murder charge was thrown out in 1981 by a High Court judge who said that some of the prosecution witnesses were untruthful and unreliable.

Last year, Mr. Astles was charged in a Kampala magistrate's court with robbing a trader in a small village near Lake Victoria in 1978.

Mr. Astles told the court that it was impossible for him to find the articles allegedly stolen in a small village store at a time when there was a severe shortage of all imported goods.

The case had lasted for five months. At one point the magistrate rebuked a state counsel for commenting that the decision of the court was immaterial as Mr. Astles would not be released, even if he were acquitted.

Mr. Astles, who became a Ugandan citizen in the 1970s, was then returned to jail. Court sources say that different charges may later be brought against him, but meanwhile he remains a detainee of the orders of President Obote.

● **Kampala arrest:** Uganda police have captured an alleged "urban terrorist" operating in Kampala, and sought by the police for a long time, Uganda radio reported yesterday (AP reports).

Direct rule starts in Namibia

From Michael Hornsby, Johannesburg

The vast, mineral-rich territory of Namibia, which South Africa seized from Germany in 1915, found itself back under direct rule from Pretoria yesterday after more than five years of semi-autonomous government.

Mr. Danie Hough, South Africa's Administrator-General in the territory, dissolved the 72-member National Assembly as from midnight on Tuesday after Mr. Dirk Mudge and his Democratic Turnhalle Alliance (DTA), a coalition of 11 different ethnic groups, had resigned as the interim government.

The DTA - South Africa's own creation - won an overwhelming victory in elections held under Pretoria's supervision in 1978. These elections were boycotted, however, by Swapo (the South-West Africa People's Organization) which has been waging a guerrilla war for Namibia's full independence for a decade and a half.

Mr. Hough also announced that on Friday Mr. J. F. Greebe, at present the Provincial Secretary of Namal, will take over as "chief executive official" in Windhoek, the Namibian capital, in place of the now defunct Council of Ministers, which Mr. Mudge and his DTA colleagues had hitherto constituted.

Mr. Hough is himself to be replaced as Administrator-General from the beginning of next month by Professor Willem van Niekerk.

Mr. Botha must now decide whether, in the absence of an international agreement leading to Namibia's independence, to maintain direct rule indefinitely or to hold another "internal" election without Swapo.

The final breach between DTA and the Government does at least give DTA the opportunity to work for and alliance with other smaller anti-Swapo groups in Namibia.

Flour sale puts pressure on Europe

From Nicholas Ashford, Washington

The United States announced that it will subsidize the sale of one million tonnes of wheat flour to Egypt. It is carefully calculated move intended to increase pressure against European farm export subsidies.

Egypt, which is the world's largest market for wheat flour, has agreed to buy the flour for more than \$150m (£100m) over the next 12 to 14 months. Full financing details still have to be worked out, but the price Egypt is expected to pay will be about \$20 a tonne less than the world market price for wheat flour and almost \$120 less a tonne than the current US price.

Mr. John Block, the American Agriculture Secretary, said that the flour subsidy was intended to "back those words with decisive action."

At the same time, that President Reagan was directing his verbal broadside against foreign farmers, American and

However, the officials denied that the U.S. was now embarking on an agricultural trade war with the EEC. It was pointed out that the Administration had to take some action to show American farmers, currently experiencing their worst crisis in 50 years, and protectionist-minded Congressmen, that it was serious about trying to force the Europeans to reduce their subsidies.

Last week President Reagan said that the U.S. would not allow its farm exports to be ploughed under by foreign competitors. Announcing the Egyptian deal, Mr. John Block, the Agriculture Secretary, said that the flour subsidy was intended to "back those words with decisive action."

At the same time, that President Reagan was directing his verbal broadside against foreign farmers, American and

EEC negotiators were meeting in Washington to consider ways to resolving their differences over farm export subsidies. A further round of talks is to be held in Brussels on February 10.

Both sides want to avoid an agricultural trade war and both have agreed to avoid retaliatory action or provocative statements. However, the Agriculture Department has asked the Administration to take some action as a sign of American resolve in these talks.

Full details of the terms of the wheat sale have not yet been made available. However, the subsidy is similar to the payment-in-kind programme which the President announced last week. Under this arrangement American millers will be given enough federally owned wheat to bring the price of flour down to the world market level of \$175 a tonne.

BBC audiences in Pakistan have doubled

By Kenneth Goeling

Independent research has shown a dramatic increase in the size of the audience for BBC overseas radio programmes in Pakistan. The BBC Urdu language service, which is on the air for 10½ hours a week, now has more than 10 million regular listeners in Pakistan compared with only half that figure in 1975.

"The BBC audience in Pakistan is now seven times as much as the combined Urdu listenership for Radio Moscow, Radio Peking, Voice of America and Deutsche Welle," according to Mr. Douglas Mungier, the managing director of the BBC's External Services.

US 'blackmail' over Greek bases

From Mario Modiano, Athens

Negotiations between the United States and Greece on the future of the American military bases in this country were resumed in Athens yesterday amid strong rumours of disagreement between the two sides.

The Greek Socialist government wants a timetable for removal of the bases on grounds that they serve United States strategic objectives rather than Greek security.

Until the bases go the Greek Government wants restrictions on activities there, plus benefits for Greece in the form of weaponry that would preserve a balance of power with Turkey.

The American view is that the presence of the bases is part of the country's contribution to the Western defence effort, and in that sense serve the interest of Greece. The Americans resist any commitment to dismantle the bases within a fixed period.

The Greek view is that for the bases to serve its security, the offset benefit, in the form of cash (some speak of £600m) or military equipment, should enable Greece to stand up to Turkey in case of aggression in the Aegean.

American Congressmen in Athens have expressed scepticism that such sums could be considered by Congress, but admitted that the bases are vital for the United States.

The talks were resumed between Mr. Yiannis Kapsis, the Greek Foreign Under-Secretary, and Mr. Ronald Bartholomew, a senior diplomat who returned from Washington on Tuesday with the latest American answers to the Greek demands.

Manhunt for followers of drug 'king'

From Neil Kelly, Bangkok

Thai police and soldiers are blocking roads and other access to the Burmese border in north-west Thailand as a hunt goes on for three suspected followers of a drug warlord. The three hijacked a Thai domestic airliner on Tuesday.

Monks told the police that the men had come to their temple near Chiang Mai yesterday saying they were hungry. After being given food, they asked the way to a cave. The monks, who did not know who they were, directed them to it but a later search at the cave disclosed nothing.

Nobody was hurt in the hijacking and no damage was caused. But Thai officials are embarrassed by serious breaches of official rules during the incident.

The hijackers boarded the flight at Lampang, a small provincial airport. They were able to carry a pistol, sticks of dynamite, a hand grenade and a knife on board the airliner because of electronic system for screening passengers had broken down.

The hijackers are believed to be followers of Khun Sa, the so-called "King of the Golden Triangle" who is considered the leading producer and trafficker of heroin in South-East Asia.

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ANC refugees seek Mozambique shelter

From Our Own Correspondent, Johannesburg

More than 100 members of the underground African National Congress who until recently were living as refugees in Lesotho and Swaziland are reported to have moved to Mozambique, apparently targets for South African assassination squads.

According to informed sources in Maseru, the Lesotho capital, where 30 ANC members and 12 Lesotho civilians were killed in a South African commando raid on December 9 about 100 refugees were flown out to Maputo, the Mozambique capital, in six flights of the weekend before last.

There are some 11,000 South African refugees in Lesotho, a small mountainous kingdom surrounded by South Africa. Their numbers were greatly swelled after the Soweto riots of 1976-77 which eventually spread throughout South Africa. Probably only a small number of them are active ANC members.

Since the December 9 raid, Lesotho has been noticeably untroubled by the attentions of the Lesotho Liberation Army, the guerrilla wing of the exiled Basutoland Congress Party whose leader, Mr. Ntsu Mokheleme, is a bitter political enemy of Chief Leabua Jonathan, the Lesotho Prime Minister.

Over the past year or so the LLA was responsible for a series of assassinations and hit-and-run guerrilla attacks, mostly launched from South African soil, in and around Maseru.

In Swaziland, which shares borders with both South Africa and Mozambique, 10 of the 27 ANC members rounded up by Swazi police "for their own protection" a week after the Maseru raid, are also reported to have gone to Maputo.

The remaining 17 walked out of the camp when they were kept outside Mbabane Swaziland's capital, last Friday and have gone to ground. It is thought that they may be moved out of the country.

Former foes toast a special relationship

From Michael Binyon, Bonn

President Mitterrand today addresses a specially convened session of the recently dissolved West German Parliament to mark the twentieth anniversary of a treaty that perhaps more than any other has shaped the development of West European politics: the Franco-German Treaty, signed in the Elysee Palace on January 22, 1963, by two of Europe's greatest statesmen, Charles de Gaulle and Konrad Adenauer.

In the past two decades that treaty has become the cornerstone of West German foreign policy. The turning of historic rivalries and mistrust into a political union welding two diverse neighbours into a single political and economic powerhouse in Europe was the vision of the two signatories, men whose long lives had been deeply affected by the bitterness of two world wars.

Though cooperation has

fallen short of this grandiose proposal, West Germany now has closer links with France than with any other leading Western country.

The heads of the two governments meet regularly in Paris and Bonn, and in every case have established deep personal relationships that transcend party political differences: one thinks of Herr Willy Brandt and Mr. Georges Pompidou, Herr Helmut Schmidt and M. Valéry Giscard d'Estaing, and today Dr. Helmut Kohl and M. Mitterrand.

These close consultations are backed up by regular telephone calls, visits by senior diplomats and foreign ministry officials, systematic consideration of each other's interests at all levels of government.

Business and trade links have strengthened as the two countries, once so different in structure, have increasingly

developed alike. France is now West Germany's largest trading partner.

Beyond all this, and of more lasting significance than the day-to-day political exchanges, is the creation of the two countries' society and culture towards each other. Every year thousands of art exhibitions tour the other country's towns and provinces as well as the capitals.

The number of pupils learning French in Germany has risen to more than 1,400,000. The number of French pupils learning German has also increased. Student and school exchanges have flourished. Half of all twinned German cities have their partners in France.

All this has had a gradual but profound effect on West Germany. Politically it has anchored a society unsure of its post-war identity firmly in West Europe. It has enhanced appreciation of

each other's way of life. It has enabled West Germany to develop its own political and economic strength without arousing mistrust on the other side of the Rhine.

But the treaty has not smoothed out all the touchy points. Indeed, some of these are more visible today than they have been for years. Defence and security policy, whose coordination was a main aim of the treaty, remains a principal point at issue. From de Gaulle onwards the French have distanced themselves from Nato and from the Americans, whereas the Germans see their security in the Atlantic alliance.

Though France at times has enjoyed courting the Russians in order to carve out a special French role in East-West relations, the German relationship with Moscow is more vital, more subject to the pull of the East.

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THE ARTS



Leonid Trauberg (left) ranks as one of the legendary pioneers of the heroic age of Soviet cinema, and at 82 he is still vigorously with us. David Robinson interviewed him when he came to London for the recent showings of his masterpiece *New Babylon*

Elena Kuzmina as shop assistant turned commandant in *New Babylon*

When film-making was all about circus and scandal

Leonid Trauberg, who has just been in London for the Queen Elizabeth Hall performances of his silent film *New Babylon* with the original orchestral score by Shostakovich, is one of the last survivors of the heroic age of the Soviet cinema. He ranks, indeed, as one of the earliest of the Soviet masters. Kozintsev and Trauberg's first feature, *The Adventures of Odyssheya*, came out neck and neck with Eisenstein's *Strike*, and years before the feature debuts of Pudovkin and Dovzhenko.

It was a time for precocity. When they first met in 1920 Trauberg was 18 and Grigori Kozintsev barely 16. By the beginning of 1922 they had joined up with two other youngsters, Georgii Krizhizki and Sergei Yutkevich (born 1904), to establish their own theatre. Every young artist was armed with his own "ism". Trauberg and his friends issued a manifesto proclaiming the new gospel of "Eccentricism". They called their studio theatre "The Factory of the Eccentric Actor" or, in the abbreviated mode of the period, "FEKS".

FEKS pronounced the demise of the old bourgeois academic theatre, and defined a new kind of theatre which would combine circus, sport, movies, music hall, puppets and scandals. Their idols were Pearl White, Lon Chaney, Harry Piel and the American silent film comics - above all Chaplin and Keaton.

After a number of rumbustiously inventive productions the FEKS group decided that the movies were ready for them. In that brief, enchanted period of the early Twenties, the film studios were open to anyone with ideas and cheek; and the ideals of FEKS were first brought to the screen in 1924, with *The Adventures of Odyssheya*. Stills for

the film, showing bizarrely clad and made-up personages performing hazardous feats on the wings of aeroplanes or the parapets of skyscrapers, strongly suggest the influence of Mack Sennett. The five films that followed over the next three years included a stylish expressionist version of Gogol's *The Overcoat* and a costume melodrama about the Decembrists, *S. I. D.* It was the considerable commercial success of this film which gave them the opportunity to make *New Babylon*.

The idea for a film about the Paris Commune was suggested by P. Blyakhin, who had written the first successful Soviet feature film, *Little Red Devils*, and by this time occupied an official position in the cultural establishment. Kozintsev and Trauberg were at first dubious about the possibility of re-creating the Paris of 1871 in Leningrad, though in the outcome it is a successful evocation of a time and place as the cinema can boast. They studied Marx's vivid accounts of the Commune; but the masterstroke of using a great department store, the "New Babylon" of the title, as a microcosm of Paris was most likely inspired by Zola's *Au Bonheur des Dames*.

By the time *New Babylon* was released, in March 1929, the silent film was extinct almost everywhere in the world but the Soviet Union, where the change-over was delayed because of the practical difficulties of re-equipping vast numbers of rural cinemas. Kozintsev and Trauberg were very conscious, however, of the inadequacy of the usual musical accompaniment provided for silent films - awful hit-and-miss pot-pourris cobbled together by pianists or orchestra directors in individual theatres. Looking around for a

suitable composer, they were advised that a newcomer called Shostakovich had written an opera, *The Nose*, which might well be peculiar enough to appeal to them.

"He came to see us - a little man, very neat but with unruly hair", Trauberg recalls. "At that time he affected a Gogol-like manner of speech - very clipped and formal - phrases like 'Honoured' - most delighted... We were rather worried, because he seemed so young. We asked him if he knew anything about music for films, and he said that he had played the piano at the Ribbon of Light cinema in Leningrad for three years. That was reassuring. We showed him the film. He sat quite silent through it, and at the end stood up with 'Honoured' - most delighted. When do you need it?"

"Rather embarrassed, we said that we needed it in three weeks. 'If you help me', said Shostakovich, 'I'll do it quicker than that.' Within three weeks he brought us the score - 90 minutes of delight. 'It is very good', we told him. 'Yes', he said, 'I thought so too.' It was the start of a lifelong collaboration between the film-makers and the composer. It was to be 53 years, however, before Trauberg saw the film with the score performed correctly: the others never saw it.

"The Russian cinema orchestras of 1929 could never get it right. The images and the music never came together, so that Shostakovich's marvellous counterpoints, and ironies like the montage of the 'Can-can' and the 'Marseillaise' (that was my idea) were completely lost.

"Five months ago, in Holland, I first saw the film performed as it should be. But these London performances with Omri Hadari and the London Lyric Orchestra have been

even better." Trauberg is full of praise for Hadari and Judith Webber's efforts in re-ordering the original manuscript, and for the print provided for the occasion by the British Film Institute: "Not a single shot is missing. Just one title has disappeared somewhere, but it's not important."

In 1929 Kozintsev and Trauberg received little thanks for giving the cinema one of its masterpieces. The reception of the film was disastrous. There is an often-repeated story that Shostakovich's music was met with such incomprehension that audiences hooted and complained that the conductor must be drunk. Trauberg says this is a misunderstanding. "It was the film they hated. They couldn't understand our montage. The audiences stamped their feet, and accused the projectionist of being drunk. They always blamed the projectionists; they'd say 'Come down out of that box, you're no projectionist, you're a cobbler.'"

"But it was terrible. The film opened in two cinemas on the Nevsky Prospect. Kozintsev and I went to the first performance at the Piccadilly and the actors Kuzmina and Gerasimov went to the Giant Cinema. You can't imagine how terrible it was. I couldn't bear it. I came out of the cinema and went across the Prospect to the Anichkov Park. I just clung to the railings and cried. And at that moment Kuzmina and Gerasimov came from the Giant. They looked at me, and simply said 'So it was the same at the Piccadilly.'"

"The reviews were as bad. In the studio there was a very hostile discussion. At the end a small man - a carpenter - stood up and said: 'Comrades, this film is not all bad.

There is one good scene - where the soldier is digging a grave. The only pity is that we can't put Kozintsev and Trauberg in that grave.' But we survived. Kozintsev and I and Eisenstein suffered terrible criticism, but we learnt to take it. We weren't like Griffiths, who was too sensitive to criticism." In fact the Kozintsev-Trauberg partnership survived for 20 years and was responsible for some of the finest Soviet sound films. Afterwards, and following a hiatus in the hard years of the late Forties and early Fifties, they worked independently. Kozintsev's last films were the magnificent *Hamlet* and *King Lear* - still with music by Shostakovich.

When he died, 10 years ago, Kozintsev still seemed a young man, and the whole FEKS group seem to have some secret of rejuvenation. At 82 Trauberg remains intensely vital, annoyed rather than handicapped by failing sight and hearing. He has just published a book on his beloved old silent screen comedians, and is working on one on operetta. At home in Moscow he speaks every day to the other enfant terrible of the first FEKS days, Sergei Yutkevich, who recently embarked for the first time on directing opera.

In London Trauberg was voracious for new impressions. He had admired *Gandhi* though he was critical of its lack of structure. He loved E.T.: "Spielberg is a great director - to be able to take a kid's tale and make something profound and universal. I shall do all I can to persuade them to buy it for the Soviet Union." Cars had touched him most: "If I could I would have seen it again. It was really moving to discover a link through 60 years, to find people attempting the same things that we wanted to do, so long ago, in our little theatre."

Concerts Haitink possessed

LPO/Haitink

Festival Hall

The *Dream of Gerontius* may be the great document of hypocrisy in music, but the case is more interesting and complex than that. Elgar here uses hypocrisy to test the same canker in his audience, to find out just how much pious wishful thinking will accept as divine revelation. It makes his task more difficult by asking an English audience to accept the whole high Catholic mystery of dying, but then, if it works, his success will be all the more demonstrable. And work it does. Only a saint could hear *Gerontius* and not be moved.

This time the majesty was in the big choral set-pieces and the intensity in much of the orchestral playing under an impassioned, possessed Bernard Haitink. The prelude was very nearly pitch-black with solitary lines to be made out as elements of a stage set, perhaps for the third act of *Tristan*. Then, with the viola solo, the lights went up, and we embarked on a journey through miracles of

tone painting: lustrous string chords for Gerontius' "strange innermost abandonment" that contained the whole of Vaughan Williams, or furies of nameless menace in instrumental figures at the first encounter with the fallen angels.

The London Philharmonic Choir were in snapping, venomous form in portraying those demons, and rose fearfully also to match Mr Haitink's excitement in the great songs of praise.

Tuesday's assistant soloists were excellent too: Alfredo Hodgson maternal and caring as the Angel, John Shirley-Quirk defiant as Priest and Angel of the Agony. Both have long experience in these roles, but not as long as that of Richard Lewis, who sang his first Gerontius 35 years ago. It would be unkind but also I fear all too obvious to say that now he looks and sounds the part, leaning on a chair for support and feeling his way faintly along the line. This was not the way for a great singer to be remembered.

Paul Griffiths

Too little substance

BBC Singers/Poole

Barbican/Radio 3

The BBC's week-long celebration of Mozart and Schubert on Tuesday gave us the first of three lunchtime recitals of part-songs and piano duets rarely performed in public.

To present successfully what is essentially music of domestic and private pleasure in the Barbican's wide, anonymous arena is a testing enough exercise: the struggle to reconcile polarized genres and environment was exacerbated on Tuesday by under-projected performances of a new Barbican noise, a stilted vibrating, as of a distant pneumatic drill or exhausted steam train.

In the spaces of relative silence in between its intrusive activity the men of the BBC Singers, conducted by John Poole, gave a fresh-voiced performance of two of Schubert's unaccompanied male-voice quartets: "Lied im Freien" (sunlight, water and flame flickering lightly through its short stanzas) and "Grab und Mord" (a cold, numb harmonies faithfully represented).

The centre of the recital was

Mozart's *Duet-Sonata* in C, K521, written, though no one would have guessed it from this performance, in the year of *Don Giovanni*. The D minor minor section of the slow movement, for instance, is made of stronger stuff than Yitkin Sewow and Kathryn Stott would have had us believe. They floated along competently, winsomely, on the surface of the music, ticking it into shape with all the sensitive partnership and fine nuances that one would expect from competent chamber musicians, but with little interpretative ballast.

A similar sense of intimacy without true involvement, and discretion without much sign of ballast, characterized Schubert's short cantata-like vocal quartet "Gebet", now, with the full forces of the BBC Singers and Kathryn Stott's piano accompaniment, Jennifer Adams, Gareth Roberts and Mark Wildman sang their little solos adequately and then faded back into the semi-obscure of a performance which, like the recital as a whole, had barely the quality or quantity of musical substance to sustain itself.

Hilary Finch

Close to the heart

Ton-Koopman

Wigmore Hall

Besides his remarkable technique, the most impressive feature of Ton Koopman's harpsichord recital was the bewildering variety in it, not only in his choice of music but in his infinitely flexible phrasing and articulation. Unlike his former teacher Gustav Leonhardt he is not a particularly cerebral performer, but one for whom passion is everything. He cultivates an historical exactitude solely to help him get closer to the emotional core of the music.

Hence, in music by William Byrd, he captured something of the personality behind the notes, delighting for example in the simplicity of "Lord Willoughby's Welcome Home" while welding the sections of "If I Went to Walsingham" into a single, impressively large structure. Similarly, a Fantasia by the same composer metamorphosed inexorably from an opening section clearly derived from actual or imagined vocal polyphony to its closing frantic sweeps - real keyboard music.

Koopman took impulsive delight in one harmonic lurch

here, and he had a fine time with the wayward chromaticisms of a toccata by the early seventeenth-century Italian composer Giovanni Piccini. And naturally his flamboyance found a wonderful playground in three sonatas by Scarlatti, where his modestly proportioned harpsichord, a copy of an anonymous example of about 1700, dazzled with colours.

But perhaps more impressive than even this was Koopman's way with eighteenth-century French music, played on a reproduction of a 1728 Zell. Duphy's "La Forqueray", a deliberate imitation of bass viol music in tribute to Forqueray the composer for (and player of) that instrument, succeeded in being elegant and charming, yet at the same time deeply moving. And a suite from Francois Couperin's first *Ordre* had both purposeful impetus and plenty of light and space, with crisp yet spontaneous sounding *agréments*. To close, three typically colourful Rameau pieces: the rather violent and mysterious "Les Egyptiennes" and "Les Sauvages", and the predictably strange "L'Enharmonique". And, of course, the encore such playing demanded, a sonata in C by Soler.

Stephen Pettitt

Theatre Daisy Pulls It Off

Nuffield, Southampton

Angela Brazil, the laureate of girls' public schools, had a long creative life most of which seems to be packed into this dramatized bumper album by Denise Deegan.

The story of an elementary school girl who wins a scholarship to the castellated grandeur of the Granewood College for Young Ladies, *Daisy Pulls It Off* combines all the elements that have kept school fiction in business in the teeth of head librarians. Granewood, alas, does not run to a secret passage; but there are hidden treasure, a cliff rescue in a howling storm, a famous victory on the hockey field, nocturnal skirmishes with loaded hot water bottles, the obligatory feud between the heroine and an upper-crust rival who finally owns up to how rotten she has been before the assembled school.

Daisy, of course, can do everything from tearing off "The Mariners of England" to the approval of her "firm but fair" form mistress to rescuing her stranded enemy with a collection of knotted sheets.

When Arthur Marshall used to review stories of this kind his pieces were made up mostly of quotations; and you can see why. The fun of the thing depends on the grafting of gentlemanly Edwardian slang on to a group of institutionalized girls to whom everything is capital, top-hole or trumps, and who introduce themselves as "a shining example of true British girlhood" or "Trixie the madcap poet of the upper fourth".

David Gilmore's gym-slipped company reflect all this in movement that unfailingly tells you who is on the side of Granewood and England and who is not. The goodies stand square, shoulders back, feet astride, always ready for a crippling slap on the back. It is for the poisonous Sybil Burlington (Edita Brychta) and her loathing companion Monica



Alexandra Mathie as the ubiquitous Daisy

(Adrienne Thomas) to reveal themselves with feminine flourishes and a healthy hatred of team games.

You could not find a more defenceless target than the world of Miss Brazil. The achievement of this show is that it tells a story that does grip in spite of everything; and that it creates additional fun by mixing up unrelated tales. Here is the

Television Celebration in needle time

Next time you look at *Dallas* (BBC1), try to imagine the cast wearing practically nothing and balancing upturned flowerpots upon their heads: if you do so, you will come very close to *The Cleopatras* (BBC2). On a set that looks like the ground floor of Harvey Nichols during Egyptian Week, and moving at a pace that quite contradicts the notions of ancient history which we imbibe as schoolchildren, this is an attempt to out-Borgia *The Borgias* and give one in the eye to *Claudius*. On present form, it looks as if it will succeed.

"Queens have to do a number of things that they don't enjoy", thus spake Cleopatra, one in the long line of harridans which this series will celebrate. Since on the evidence of the first episode they all look and sound like Elsie Tanner, it may become difficult to distinguish one from another. In fact there is so much pulchritude, and aspiring royalty lurking around every styrofoam pillar,

the series might just as well have been entitled *Coronation Street*.

The cast, fortunately, will change rather more quickly: with so many people being poisoned, sent into exile or trampled by elephants, the BBC must have employed half of Equity.

Enter the handmaidens, wearing loincloths and dancing in an abandoned manner to what sounds like the music of sackbuts (surely some mistake here). I hate to think what will happen when they bring on the camels even if those patient animals turn out to be an anachronism in this context, it will hardly matter in a series which adopts what might be called a horror-comic attitude towards the distant past.

There were some incidental pleasures: Richard Griffiths, as Pot Belly, was obviously enjoying himself hugely. Dressed in a parachute, and with the kind of mascara to which only a shaven head can do justice, he kept on

saying very evil things in the third person.

Philip Mackie's script, alas, left very little to be desired although the mixture of royal and demonic had its awkward moments: "Memphites go and play with your brothers". Poor little Memphites was eventually chopped up and put in box which, when Cleopatra was urged to "open the box open the box", brought back terrible memories of *Double Your Money*.

John Frankau's gaudy and exuberant production was clearly designed to render everything as unserious as possible, and to do for Egypt what *Dallas* and *Dynasty* have done for the United States. Perhaps only a purblind durian would object to the distortions involved, although it must be a matter of some interest that the BBC has chosen to underestimate the intelligence of its audience in so spectacular a manner.

Peter Ackroyd

Acceptance among the leading players has taken a long time for Cécile Ousset (right), as Hilary Finch explains in introducing the French pianist's new British tour

Growing in the right garments

Strong links with East Germany, Czechoslovakia and the USSR.

Still France did not recognize her critics were strangely grudging in their praise, work was practically non-existent, and the collapse of French Decors, by which her recordings filtered into the rest of Europe, did not help matters. In retrospect, she sees these years as an indispensable time for gathering "un bagage suffisant", without which many less steadily nurtured young pianists fall by the wayside. And, while she was strengthening her technique and building her repertoire, one or two English critics were getting hold of those early French and East German recitals, and she continued to remind the English public of her presence in recitals in the late Seventies; John Drummond heard her in the Queen Elizabeth Hall, and when Martha Argerich cancelled at the last minute in 1980, Ousset was invited to

invitations to other British festivals followed, including a series of five recitals of French music during last July's City of London Festival.

Her recital record selected from this part of her repertoire is about to be released. Although French music is obviously in her blood, from her earliest childhood days of chamber-music making, she does not feel part of any particularly French tradition. "I play it because I'm asked for it. Fauré is often thought to be too intimate, for other than private performance. But it's very great music: look at the sonatas, the quartets, the Requiem - it's extraordinary, so new harmonically, so rich in very special things."

Alfred Cortot, one of Chopin's last pupils, was an undeniably strong influence. "He played Chopin in the old tradition. He always put poetry first in the music. Technique was a bit of a problem for him in the last years of his

life - but, not for his pupils! He demonstrated a lot when he taught, even when his fingers were so stiff. I remember him playing the finale of the *Sonata funebre* with almost straight fingers, and even then there was always a moment of miracle."

Madame Ousset plays little contemporary music, although she enjoys Messiaen and Dutilleul, who is composing a set of Preludes for her. "I generally only play works I like, which means I've already heard them a lot before I attempt them, and study them. It's a long job for me. I don't like working unless I've got a long time. Music is like a garment: you have to wear it a lot before it becomes part of you."

Apart from the qualities of strength and technical ease which still surprise many critics, her performances are marked by an unusually vigorous and fresh spontaneity. At a recent recording session of Poulenc's Piano Concerto, her tenacity and sense of occasion, in each exhaustingly repetitive five-minute take, surprised and delighted the engineers. Earlier in the day, she had talked to me fondly of Arthur Schnitzler, who hailed her 30 years ago as "a great artist of the future."

"It was Rubinstein, above all Rubinstein, from whom I learnt so much. He never actually taught me, but he would talk about his own career and say that one must always reexamine oneself, see each concert as a new challenge. The public are waiting to hear and even time, and if you're not on form for one concert, they won't forgive you. One must always play as if for the first time, always make a new beginning."

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● Daniel Barenboim is among the distinguished artists appearing in a Great Gala Concert in aid of the Royal College of Music Centenary Appeal at the Royal Albert Hall on January 30, playing Beethoven's "Eroica" Concerto. Others taking part include Itzhak Perlman, Sir Alexander Gibson and Sir Georg Solti. The concert features the world premiere of Malcolm Arnold's Trumpet Concerto.

سكز لمن الإهل

BOOKS

Fiction
The dark side of Scotland

Selected Stories and Sketches
By James Hogg
Edited by Douglas S. Mack
(Scottish Academic Press, £8.50)

Very Scottish. Hogg. The subtleties of his *Shepherd's Calendar* pieces, five of which are here reprinted, give a good idea of his subject matter: Dreams and Apparitions - Deaths, Judgements, and Providences - Fairies, Brownies, and Witches...

Hogg, the "Ettrick shepherd", was a major figure in the Scottish Romantic movement which sought to transform the raw material of folk tradition into something literary and "respectable". He was perhaps closer than any to the authentic oral sources (he was illiterate into his late teens) and least inclined to bowdlerize and falsify. In fact, as Douglas Mack makes clear, he suffered significantly at the hands of his editors, and his surviving original texts are invariably rarer and less conventional than the published versions.

There is nothing in this volume to match the oppressive power of Hogg's masterpiece, *The Private Memoirs and Confessions of a Justified Sinner*, though a piece titled *Strange Letter of a Lunatic* has some interesting parallels with the novel. Mostly these pieces are folk tales, invariably having a supernatural dimension, and with a light literary-philosophical top-dressing. They have been rescued from the pages of early nineteenth-century magazines, corrected, and where possible the text has been restored to something closer to Hogg's original intentions.

They reveal their author as a fine story-teller and an uneven but sometimes brilliantly vivid writer. He has his comic moments, occasionally verging on conscious self-parody, but it is chiefly in his delineation of the dark side of the Scottish psyche that he achieves his best, and most effortless, effects. His use of dialect sometimes seems self-indulgently excessive, and the occasional pious interjections strike a false note, but the best of these pieces are lively and readable and of more than literary-historical interest.

This is a scholarly edition, published for the Association for Scottish Literary Studies. There is a brief introduction, mostly on textual matters, and there are notes to each piece, again largely textual and outlining the publishing history and background. The glossary at the end is a very necessary concession to the scholar.

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Michael Ratcliffe celebrates the rescue of a great poet
Darkness filled with light

The Life of John Milton
By A. N. Wilson
(Oxford, £9.95)

"We are not much in the habit of idolising," wrote the young Macaulay (speaking, as usual, for his manifest selves) "either the living or the dead." But he made an exception of John Milton, whom he praised with the fervour of a great heart for his allusive lyric genius, his "sedate and majestic patience" and for the fearlessness with which, leading timorous opinion, he tested and "pressed into the forlorn hope".

Literary Editor of the *Spectator*, essayist on Scott, 32 year old former lecturer in English Literature at Oxford and author of six novels in the last five years, A. N. Wilson hardly shares Macaulay's view that the destinies of the human race were tied up in the fate of the English Civil War and the Whig Revolution which, in time, succeeded it, but it is over this Macaulay's Milton who inspires this lively and moving new Life, whilst to Macaulay and a synthesis of modern scholarship, Wilson adds a distinctive vision of his own. Alongside Milton the defender of Athenian liberty threatened by tyrannies of all kinds, Wilson revives Milton the Christian

poet and, despite a life of harsh contending - the unshakable Church of England man.

In the process Milton is rescued from the uneasy impotence of Samuel Johnson; the fictional inventions of Robert Graves (*Wife to Mr Milton*) and the "radical underground" wherein he has been recently perceived and acclaimed by, among others, Christopher Hill. Mr Wilson is very waspish about Frost, T.S. Eliot and Auden in 1939; he is witty in a hopelessly resigned sort of way about Anglican bishops and the present-day Church of Rome; from this evidence I assume him to be a non-Marxist scholar of robust, non-institutionalized Christian belief. These are excellent credentials for writing about Milton and fall only on the rare occasions when he is tempted into rather quaint old-fashioned reflections about Life.

The *Life of John Milton* may be as warmly recommended for its intelligence and readability as for its length - a modest 259 pages - and, by the standard of today, price. Readers who, like me, have not read W. R. Parker's two-volume *Life of 1668*, will be delighted at the diversity and richness of Milton's character here revealed and at the timeless way in which the poet himself, from earliest elegies to *Samson Agonistes*, explores, questions, illuminates and explains it. Far from condemning this egoism, Wilson salutes Milton as "the

great archetype of all Romantic poets, the ego which Wordsworth and Shelley are never able wholly to escape".

How many people remember that of the Milton they were taught at school? The idea that the man who wrote *L'Allegro* and *Il Penseroso* chafed at the sensual world, or that a poet who never wrote his autobiography might have actually have done so in a hundred other ways, simply never arose. "Milton the Puritan and Regicide" cast a long shadow across his contemporaries - Pepys, the collector of great contemporaries and their works, never mentions him or *Paradise Lost* at all in the *Diary* - and he casts one still. Were this not so, there would be no need for this book.

Milton was difficult, sardonic and tough, and knew his own worth from adolescence on, but he was never a Puritan in either the vulgar or orthodox sense of the word and his life is cheered with affectionate scenes, loyal disciples and domestic diversions: music (trunks of it, from Venice) and walking abroad in the sun - even Johnson pictures him sitting in a garden swing. If the *Second Defense of the English Nation* (1654) was composed to explain the need for the King's death, Milton replies to the claim that God had struck him blind for it in terms that are equally

personal, but timeless, simple and direct:

to be blind is not misery; it is misery not to be able to endure blindness. Through this infirmity I can be completed, perfected; in this darkness I can be filled with light. For in truth we blind men are not God's last and slightest care; in proportion as we cannot behold anything except himself, he is disposed to look upon us with the more mercy and kindness.

As a novelist Wilson is able to imagine what it is to lose one's sight - to smell fire without seeing it, to fear furniture, to lose young wives in childbirth and hear the cruel smirks of the daughters who survive - and he explored some of this territory last year in the novel *White Virgin*. The biography is more successful.

"Love virtue, she alone is free". The moral of *Comus* - and about *Comus* Wilson writes with evident pleasure and particular force - casts a bright, steady beam down the length of Milton's bawling life and this account of it. For the early masque, begun as an act of healing for a family scarred by scandal, transcends the celebration of chastity itself to anticipate the public virtue of *Areopagitica* 20 years on, virtue prepared to meet all dangers at a moment's notice and fight for its liberating life.



John Milton: the ego which Wordsworth and Shelley never wholly escaped.

Crime
Smith of the Yard takes on a cult

Marked for Destruction
By James Barnett
(Secker & Warburg, £7.50)

James Barnett is one of our brighter hopes in the crime field. His last book, his fourth, *The Firing Squad*, brought off with fine success the not very easy feat of being, simultaneously, a thoroughly exciting thriller and a penetrating novel. But here, no use avoiding the truth, he has produced a failure. Yet it is perhaps the more interesting for its failure, and better indeed, than a score of other current simple successes.

It is the story of a rebel London policeman's encounter with an American revivalist, pointedly echoing the Guyana mass suicides. In its early stages, while Detective Superintendent Smith is still in London and officially at work, it comes off corkingly. The

scenes of clash among the higher police brass have a savage bite to them, as well as a truth, that leaves one wriggling with enjoyment. Here Barnett is a writer of police novels concerned not with procedure so much as with pecking-order, and he would be hard to beat.

But when his hero goes unofficially to the States to track down the killer of an insufferable subordinate things go to deterioration. First, Barnett succumbs to the tourist temptation, to putting in things it would seem he himself has seen in his exotic locale rather than sticking to the strictly necessary. This, however, would be but a blemish had he successfully tackled his monstrous theme, the meaning and portrayal of the Guyana situation. In those early pages he does most promisingly present a character truly and simply spiritual (as well as hitting off a T and I.R.A. poet's work), but the main theme is too much for him, too much perhaps for any crime novel. But get hold of the book none the less.

The Final Throw, by Michael Gilbert (Hodder & Stoughton, £7.95). Take a Bulldog Drummond adventure, 1980's it, add tourist Europe, improve the writing by a factor of 100 and you have this story.

Accidental Crimes, by John Hutton (Bodley Head, £7.50). Hutton's first, 29 Henrietta Street, was excellent. This is less, but decidedly worthwhile, a sober story of a provincial murder suspect, penetratingly observed.

The Sleepers of Erin, by Jonathan Gash (Collins, £6.95). New Lovejoy imitator shows splendid form. Antics (sexual) and antiquities vie for billing. So lively one wants a touch of something more.

Shadowplay, by Norman Hartley (Collins, £7.95). International in-fighting. Expert knowledge of super-journalism, super-brisk pace, and if the people are only sharp-tipped outlines with eyebrow-raising values, well, you can't have everything.

Shadows of Doubt, by Palma Harcourt (Collins, £7.95). What every woman (and many men) needs to know about espionage, as doubles cross at our Paris embassy and, impressively, in well-observed Moscow.

The Sanctuary Sparrow, by Ellis Peters (Macmillan, £6.95). Brother Cadfael detects again, twentieth century story (even a hostage situation) in impeccable eleventh century background. Holmes Doyle and historical Doyle in one.

Next of Kin, by M. G. Eberhart (Collins, £6.95). Born 1899 and still going very strong. Here it's who killed the Senator in smartest New York, plus love. Swifly told, properly clued.

The Scoop (Gollancz, £6.95). A curiosity, and interesting. Two novellas composed, chapter apiece, by such as D. L. Sayers, F. Wills Crofts (alibi-breaking like a demented rock-bashing convict), A. Christie (all easy-read dialogue), R. Knox, A. Berkeley (dullish).

H. R. F. Keating

A woman's world of turgid and entrancing erotica

The Follies Bergère
By Charles Castle
(Methuen £9.95)

I am certainly the ideal person to review this book having, for reasons too recherché to explain here and now on these male chauvinistic pages, spent a summer afternoon in solitary state at what I would now rate a middle-level Soho nude show. Not the Follies Bergère but quite a reasonable substitute. Enough to make me feel - the only woman in the audience, a little overdressed in my black linen suit by Jagger - that here were whole new vistas of experience, grotesque curiously formalized and rivetingly tedious. The banality of story-line, the repetitious dance routines, the unimaginative coarseness. Oh, what a world was here.

So I became a bit of a nude show aficionado. In which guise I have been reading, with the amateur's true pleasure, the *Follies Bergère* history written by a very professional connoisseur of chorus girls, Charles Castle, who has also (the two things are not perhaps so unrelated) made a TV documentary called *The Barbara Woodhouse World of Animals*. The *Follies Bergère* was the first music hall in the world to put a naked woman on the stage. The Follies was not, however, the venue for the first nude ascent of a thirty foot ladder, a distinction Mr Castle, serious about such data, attributes to the rival establishment, the Casino de Paris, in 1917. The Follies has never been particularly filthy. Nor indeed, perhaps surprisingly, especially French. Its long tradition, which evidently still continues, of recruiting its nudes from the English lower-middle classes, long-limbed girls from Lytham St Anne's and Tooting Bec, gives its thoroughness line the aura of suburban English primness, its Bettman quality: an odd and touching trait.

This is a woman's book. A book which worships women with old-fashioned simple-mindedness, accepting all their artifice: such quaint tricks of the trade as the massaging of breasts and especially nipples with ice-cubes to enlarge them.

A world turgid and entrancing. I like its lore and legend. Never mind if Mr Castle tends to tell his stories twice. I don't mind hearing endlessly that Mistinguett ascended the steep staircase night after night at the Follies with her eyes shut, so afraid was she of looking.

Ultimate vertigo of stardom? Or that Josephine Baker, in the show *En Super Folies* (1936), borne in silver lame on a litter decked with feathers resting on the back of a stupendous green jade elephant, asked specifically for the trunk to point well upwards since wasn't it Maurice Chevalier who insisted that elephant trunks which dangled downwards brought bad luck?

Inbred and sycophantic. Both puerile and prurient, and crazily addicted to scenes of mild undress in Gothic-style cathedral settings. Though the *Follies Bergère* stars are less charismatic these days and the intellectual lights have dimmed considerably since Camus said that he would sacrifice ten conversations with Einstein for just one first encounter with a Follies Bergère chorus girl - so much so that on bad nights the Follies audience will be mainly

raincoated Japanese executives, all dozing - still the *Follies Bergère* dream machine goes krumpholtz on for ever. Still sky-high in ostrich feathers. With no shortage of recruits.

This is the strangest thing, that in spite of higher education, liberation and unanswerable arguments from Women-Against-Nudity, Miss Bluebell, septuagenarian director of prize showgirls, the eye of whose needle every Bluebell Girl must pass through, is still receiving positively endless applications from girls who go on hoping that one day their prince will come. Not all these applications even verge on the acceptable. Women, rather sadly, often have an all-too-optimistic view of their own attributes, prepared to bare a body which looks better in its clothes.

Fiona MacCarthy

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Paul Barker

The celluloid cowboy and the high fibre diet

America, Americans

By Edmund Fawcett and Tony Thomas
(Collins £12.95)

Words are stronger than deeds: rhetoric always outlives reality. The United States is a classic example. There is a President who evokes the homespun image of the cowboy and the pioneer (neither of which he ever was, except on celluloid). But he presides over a society where the last frontier shut down a long time ago. At least the last frontier in the old sense.

The only frontier that interests Americans now is an anxiety to them: not a challenge the Rio Grande/Gulf of Mexico line, across which, each

year, there flows an increasing flood of marijuana, cocaine and, much more important in the long run, immigrants (both legal and illegal) who are busy reconquering New Spain. There are now between 14 and 20 million "Hispanics" in America. They are a fifth of the population of the two most booming states - Texas and California.

America, Americans does for the United States today what John Gunther's *Inside USA* did in the forties for the various instalments of Anthony Sampson have done for this country. It begins with the regions and the people (which is where my information on the Hispanics came from), and moves across the entire face of American life: Washington and Wall Street, the new feminism and the new conservatism, city, suburb and farm.

The book itself is perhaps evidence of the ageing of America - the move away from the challenge of the old-style frontier. The United States has become a net importer, for the first time in nearly a century. It buys in blue jeans as well as television sets. Here it has bought in a *vade-mecum* to its own society. The two authors are both senior staffmen with the *Economist*: neither is American.

Edmund Fawcett and Tony Thomas certainly have a thesis about the American condition, as well as a storehouse of details about how Americans actually live. They think that the political system - which is based on a need to curb the state, and takes a rather dim view of politics altogether - has curbed its usefulness. Once the buoyancy of American life, and

especially the American economy, carried everything before it. The shortcomings didn't matter. Now they do.

Americans as individuals are optimists: they still think that even if the world can't be changed, their own lives can be. By a new religion, by a new spouse ("Divorce is America's greatest contribution to marriage"), by a course of aerobics or a fibre diet. But their political system is essentially pessimistic.

If this sounds like a thesis bred by a mixed marriage between Alexis de Tocqueville and Sigmund Freud, that is about right. But in practice the book doesn't linger on it too long. There is some good reporting here (though, except on Wall Street, not quite the juicy, gossipy Sampson touch); and there is some excellent ransacking of knowledge over

an astonishing range of subjects. I now understand the American legal set-up better than I did. I continue to find the politics mystifying. But I am consoled by the thought that the highest seat of power, the Supreme Court, consists of appointees for life: as illogical as anything in England. But I relished most the pages that delved farthest into the sheer strangeness of American life. The tyranny of the child. The curious, non-exportable sports (England's sports, by contrast, are played world-wide). The barriers of caste and class and Old Money which hide behind a facade of democracy.

The Emersonian American may no longer build a better mousetrap than his neighbour. But he certainly knows all about jaczuzis.

THE TIMES DIARY

Kremlin coup

Early next month Robert Maxwell's Penguin Press publishes an anthology of the speeches and writings of Yuri Andropov in its Leaders of the World series. The speed with which this follows Andropov's promotion to leadership status attests Maxwellian foresight in persuading Andropov to agree to the project 18 months ago. BPCC's chairman has already profited on a smaller scale from the same hunch. At his firm's annual Christmas lunch with the BBC, for whom they print *Radio Times*, it is the custom for participants to bet on the year's coming events. Maxwell's Christmas 1981 wager was that by Christmas 1982 Brezhnev would be dead and Andropov would have succeeded him. At the recent reunion he collected all round. Maxwell met Brezhnev on several occasions, but his dealings with Andropov have all been by correspondence.

EEC bacon saver

The keenest irony in the *Tribune* imbroglio has hitherto been missed. The power of directors to issue additional shares to employees without the consent of shareholders — used to frustrate John Silkin's wish to take control of the paper — arises from a provision of the Companies Act which originates from the Second EEC Directive on Company Law, designed to encourage employee share ownership.

The Liberals' expert, Philip Goldenberg, takes malicious delight that Bennie Chris Mullin's bacon should thus have been saved by Britain's membership of the EEC. "The European institutions give greater support than the sectarian politics of Westminster to all forms of genuine industrial democracy," he gloats.

● Fresh misgivings about those surrounding the Queen sprang to the mind of a cyclist whose wheel was punctured just outside Buckingham Palace Mews. It had been flattened, he found, by a discarded hypodermic syringe.

Overdraft

Richard Ellman, who won the Duff Cooper award for his James Joyce biography, tells me, with what I take to be Joycean licence, that he has just finished the thirty-sixth draft of a book on Oscar Wilde. "By the forty-ninth I should have completed it, and hope to publish in about two years."

Stephen Spender, who presented Ellman with his prize on Tuesday night, is also hard at work, compressing the Oedipus plays into a three-hour version for the Oxford Playhouse in March. Because he only has "schoolboy Greek" he is working from seven translations.

Low tech

The Government has ways of making information technology work. During a meeting of the Commons standing committee on the British Telecommunications Bill, the television screen announcing what was happening in the chamber broke down. The Welsh Nationalist, Dafydd Wigley, deeply interested in the Water Bill, demanded vigorously that something must be done. "This," suggested the urbane Minister for Information Technology, Kenneth Baker, smoothly.

● The latest list of GLC grants includes one to the *Sensible Footwear Theatre Company*: £3,330 towards running costs.

Up and away

A piratical peer who is still handy with a cutlass (always, upwards, he advises, and never down as they do in films) tells me he feels a catch in the throat when he hears the signature tune of BBC-1's *Holiday* travel programme. It is, he tells me, an old pirate song whose verses end with the words: "High on the galleons tread."

My aristocratic chum feels it the more since he was condemned to death by Franco for some freebooting travel of his own, undertaken during the Spanish Civil War. "I was absent at the time of sentence, which is important on such occasions," he says, "but what will they use next? Perhaps 'Hey then, up we go' for a programme on air travel."

Guiding spirit

A grandmother is suing the Boy Scouts of America for the right to be a scoutmaster. Catherine Pollard of Milford, Connecticut, is asking the state's human rights commission to give her the job. She says she ran the local troop for four years in the absence of a male scoutmaster, but when she asked for the title she was told that, though she had done a fine job, "it takes a man to build character." The Scouts' policy permits women to undertake various assignments in scouting, but not to be scoutmasters. Judge Helen Pearl, who is hearing the case, is herself a former cub mistress.

British Airways, who invented the odorous kipper, will shortly surprise passengers on flights from South Africa with another delicacy: steaks of ostrich. My cookbooks say ostrich is good only for producing black and greasy blizzards, but John Taylorson, head of BA's catering, says that is all wrong. The fillets, he says, are a cross between venison and beef, and will be delicious served in a creamed pepper sauce.

PHS

The challenge facing the Alliance now

Time to unveil the new mould

by David Marquand

Today sees the first of a series of Alliance rallies designed to set out the themes on which its two parties will campaign in the run-up to the general election. We shall do ourselves great damage if we become preoccupied solely with the economy. The Alliance was born of a revolt against Britain's political system; it is in our critique of that system that our real significance lies.

The politico-economic crisis with which successive British governments have grappled unavailingly for a decade and a half has given rise to three broad schools of thought. In the middle of the ideological spectrum — on the "wet" left of the Conservative Party and the old, Callaghan-Healey right of the Labour Party — are the true, small "w" conservatives. For these, the crisis is a myth. The Keynesian-managed capitalism which we have known since the war is still in working order, and so is the traditional "Westminster model" of parliamentary government. Britain's problems are to be overcome, not by rash new departures from the conventional wisdom of the recent past, but by soldiering on in the old familiar way, along the old, familiar paths.

On the two extremes of the spectrum — among the Conservative "dries" and the Labour left — are what might be called the economic radicals. Here, Conservatives and Labour differ greatly, but the differences are less striking than the similarities. Both recognize that the crisis is real and acknowledge that it can be overcome only by far-reaching changes. Both see it, however, as an economic crisis, not a political

one. Both are wedded to the existing political system, and both hope to use the enormous panoply of power which that system gives to a government in possession of a temporary majority in the Commons to force radical and irreversible changes on the economy.

The third school, to which the Alliance belongs and of which it is the vehicle, contains the political radicals. Like the conservatives, these believe that it is premature to mourn the death of Keynesian economics. Like the economic radicals, however, they also believe that Britain is in a state of crisis, from which the old ways offer no escape. Unlike both, they see as a political crisis to be overcome by political means.

Not luxuries but essentials for recovery and peace

For them proportional representation, parliamentary reform, decentralization of government and a bill of rights — indeed, all the interconnected political and constitutional reforms without which Britain cannot adapt herself to the economic and social changes since the "Westminster model" took its modern form nearly 100 years ago — are not luxuries, to be postponed until the more pressing bread-and-butter questions of jobs, prices and social welfare have been answered. They are necessary conditions of economic recovery and social peace.

Few ordinary voters consciously

belong to this third school. Most do so unconsciously. The British people know they have been badly governed for the last quarter of a century. They also know that the fault lies less in the particular policies of particular governments than in the system: in the weary defeatism of the Whitehall mandarin, in the narrow sectionalism of the organized producer groups on both sides of industry, in the introversion and unrepresentativeness of the two big parties.

That is why they gave the Alliance such an enthusiastic welcome in the tumultuous eight months between the launch of the SDP and the Crosby by-election, when it seemed to promise a change of system rather than mere changes of policy. If we are to rekindle that enthusiasm, we must give the promise which evoked it as high a priority as we did when we began.

Slogans about "breaking the mould" are not enough. Still less is reliance on the piecemeal ad-hockery which the British Establishment confuses with common sense. Since the mid-1960s, this country has suffered a long series of ad hoc constitutional changes and attempted changes — an abortive plan for House of Lords reform, two abortive plans for devolution in Scotland and Wales; three different schemes of parliamentary reform; sweeping changes in the structure of local government and the boundaries of local authorities; the introduction of the popular referendum. They sprang from no coherent principle and embodied no public consensus. Partly because of this, they failed, almost without

exception, to achieve the objectives for which their authors had hoped.

If we have learned anything from the last 20 years, we should have learned that the constitution is a whole, made up of interrelated parts; that it is fatal to make changes in one part without thinking through the consequences for the others; and that the deepening constitutional malaise which lies at the root of this country's political and economic ills can be cured only by a comprehensive settlement, based on coherent and explicit principles.

Pointing the way to the Alliance's place in history

The means are to hand. Soon after it was formed, the Alliance set up two joint SDP-Liberal commissions, one on economic recovery and one on constitutional reform. The first did the groundwork for the Alliance's economic strategy. If it has the courage and imagination, the second can yet delineate the outlines of the new constitutional settlement which ought to be an Alliance government's chief claim to a place in British history.

If it does so, we have a chance, not merely to break the mould, but to replace it. If it sinks back into the soggy pragmatism which has characterized the old parties' approach to constitutional change, we risk betraying the hopes of which we are the only credible repository.

Professor Marquand is vice-chairman of the SDP policy committee.

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Richard North looks at the Whitehall anomaly in land improvements

Digging out the farmers' two-way cash crop

Farmer Tom Richards would like to combine conservation, tradition and profit, and believes he can. His Welsh farm has lovely soggy fields, *Gwynn Goch* (red meadow), abundant in streams, flowers, birds and butterflies.

The Nature Conservancy Council, which is funded by the Department of the Environment, pays him small sums to forgo some of the extra profit that could result from draining the fields. He regards the arrangement as fair. If he wished, though, he could benefit greatly from a structure of subsidies for land improvement and EEC-supported prices for extra produce already in massive surplus.

In this crazy system, two government ministries pursue opposing objectives: the Ministry of Agriculture spends a fortune tempting farmers to wreck the countryside in the cause of greater productivity; Environment now proposes to spend even more money than at present in bribing the farmers to resist these blandishments.

The problem is the result of a long misreading of farming practices. For too long farmers have persuaded the public that Britain must produce more and more milk and meat, while the conservation movement has been slow in showing what a dangerous and expensive charade modern farming has become.

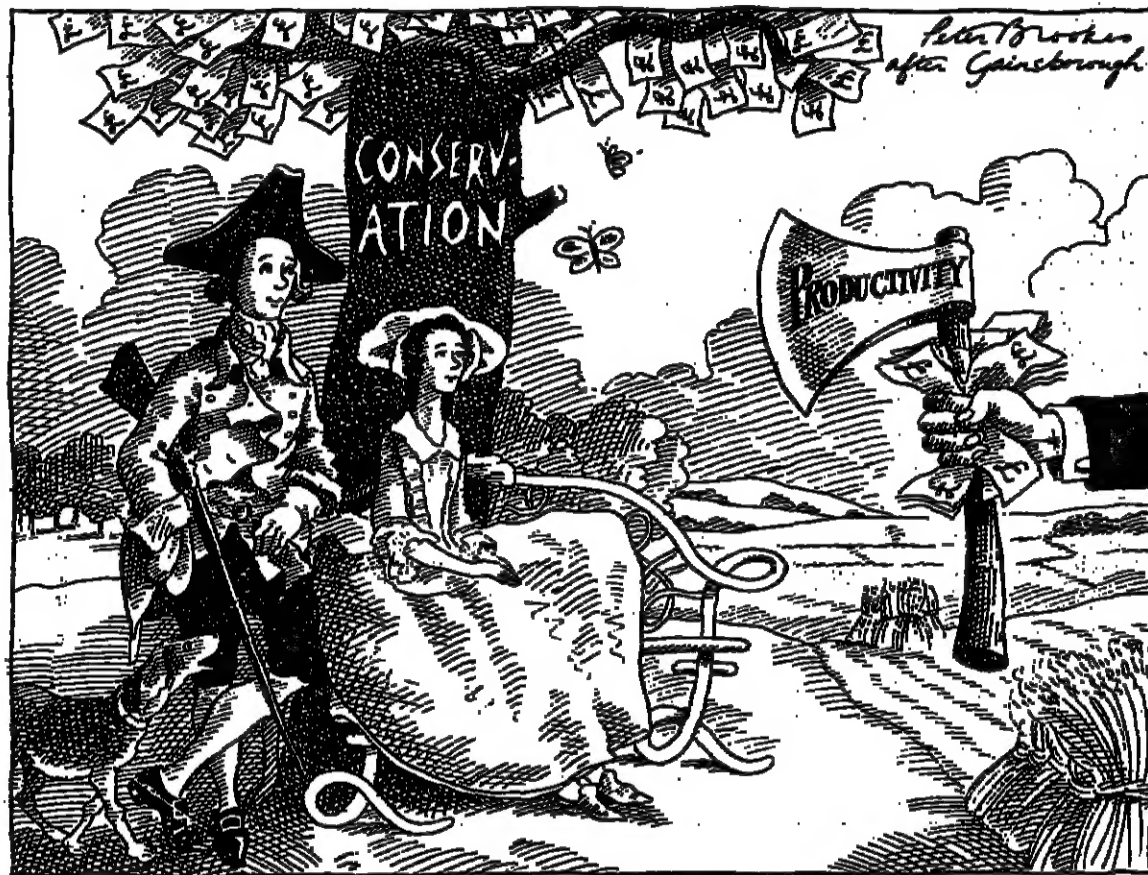
Critics ranging from Richard Body, Conservative MP and author of the recently published *Agriculture: The Triumph and the Shame*, to Marian Shoard, with her *Theft of the Countryside*, have castigated the maze of grants and subsidies which bolster farmers' incomes. Farmers, uniquely among British businessmen, are not hampered by serious planning controls as they change the face of the landscape.

Several independent reports are due to be published this spring which will urge tougher regulations in the countryside.

Left to themselves, many farmers would continue to farm as their predecessors did. But the Ministry of Agriculture, in spite of a statutory obligation to take account of conservation, tempts them with grants to drain or plough land in order to increase production (it also increases the dependence on fertilizer, pesticides, bought-in seed, diesel fuel and machinery, much of it also subsidized).

Cynics in the Ministry admit that we do not need such extra production but insist that every pint of milk and bag of grain helps Britain gain EEC funds. Until recently, the Ministry often steamrollered through its policy against Department of Environment opposition.

The Treasury has called on the Ministry of Agriculture to revise the cost-benefit analysis on which it assesses grant-aid, since it is suspected of being crucially weighted in favour of "improvement," whatever the cost to taxpayers or the environment; Treasury pressure is also believed to have gone a long way toward insisting that the Ministry consults the DOE before grant-aid is given to farmers in sensitive areas. The first major fruit is believed to be the compromise over Halvergate Marsh,



in Norfolk's Broadland, where grant-aid on some proposed drainage schemes has been withheld. But two bodies, the Council for the Protection of Rural England and the Council for National Parks (CPRE and CNP), are alleging subterfuge by the DOE. It apparently hoped to keep as a "departmental matter" (that is to say, not scrutinized by Parliament) the proposed financial guidelines for compensating farmers whose freedom to take grant-aid to change their farming practices is restricted by conservation requirements.

The CPRE and CNP have drawn attention to conflicting ministerial statements during the closing stages of the Wildlife and Countryside Act's passage through Parliament which led MPs and peers to expect a degree of control over what the guidelines were to be.

"It is proposed that farmers be compensated for the profit they would have made," says John Bowers, an economist at Leeds University. "But typically between 50 and 80 per cent of that profit would have been subsidy, and sometimes more." No comparable principle of compensation exists elsewhere in the economy.

"It does seem peculiar," says Richard Body. "After all, a farmer buys a farm knowing that it has, say, wetland on it, and gets it on the cheap because of its lower productivity. It appears rather naughty to expect to be paid handsomely for forgoing subsidy from the taxpayer to improve the value of the land."

The sums involved are large. In one deal, in Kent, a farmer is said to have negotiated compensation of £100,000 a year in another case, Warren Farm on Exmoor's National Park, compensation alone more than 10 per cent of capital — would have justified purchase by an incoming farmer. Appalled, the National Park bought the farm itself.

The CPRE and CNP have engaged the interest of the chairman of the Commons Select Committee on the Environment, Reg Freeson, to bring the issue under public scrutiny. The Government will be faced with an embarrassing choice: to reject taxpayers' expenditure on spoiling the countryside or admit the need for regulation; or to pay dearly for conservation, even when it is government expenditure which most threatens it.

Geneva results and the behaviour of the European allies, the anti-American mood in West Germany will grow. Dr Kohl and the missile plans will run into difficulties that could lead a Christian Democratic government into examining an interim solution more positively. And, of course, if the Social Democrats win, they will press the Americans very hard for a compromise in Geneva.

Why did Mr Gromyko come here to talk about all this when his country is negotiating with the Americans and with them alone? He did so because, willy-nilly, the Federal Republic has been dragged into the middle of the East-West talks.

Without deployment in Germany, the NATO twin-track strategy collapses. Only the West Germans can therefore put any real leverage on the Americans from within the Western camp. And conversely it is only on the West Germans that the Russians themselves can exert real influence, pulling on the strings of relations with East Germany, trade, détente and heightened West German anxieties about the East-West conflict.

In spite of anger in the conservative press that Mr Gromyko seemed to achieve more in his visit than his hosts, those he dealt with came away optimistic that agreement can be found. For once, they do not believe they have been outfoxed.

Mr Gromyko could afford to take a moderate, above-party-politics approach because, like the Americans, the Russians are waiting to see the outcome of the Bonn election. If Dr Kohl wins, they need not think they have lost the game. If the Chancellor is suspected of having given Washington a blank cheque for new missiles, regardless of the

Michael Binyon

Ronald Butt

Viva Victorian virtues

If the world and its press had not been riveted on what Mrs Thatcher had to say about the date of the general election (and in the event she said little more than wait and see) it would have paid more attention to that part of her long television interview with Mr Brian Walden last Sunday in which she fully accepted that her vision for the future involved a wish to restore Victorian values. Even so, what she said was enough to amaze some of the bourgeoisie.

Mrs Thatcher had described her vision of the future Britain in which people were more independent of the state. When Mr Walden suggested that this vision implied a restoration of Victorian values, Mrs Thatcher embraced the idea with enthusiasm.

The Victorian age in which these values prevailed was, she said, one in which Britain became great; when great things were achieved by voluntary action (including the building of schools and hospitals on an unparalleled scale) and when people who prospered used their independence and initiative to prosper others.

It was in short, a vision to scandalise the strange personality of Lab-Lib England as represented by *The Guardian*, which saw it not simply as a restatement of the basic Conservative teaching of self-help, thrift and individual striving but as implying a return to the "Victorian tradition" that the poor and disadvantaged should find salvation through the philanthropy of the better off. It suggested that a climate of Victorian deference and fear in industry was a necessary part of her formula.

The conventional Lab-Lib mind detests private charity as a humiliation to its beneficiaries while seeing no humiliation in the queues of supplicants for the dispensations of state bureaucracy. It sees no humiliation in the queues at hospitals and surgeries where doctors short of time and faced of nerves address patients *de haut en bas*, and where cases of need have to wait in equality with those cases where the need has been created by the over-easy facility. It sees no humiliation in an over-burdened health system where home visits have almost ceased to be a reality and the doctor's receptionist rules.

It sees no humiliation for the supplicant seeking the welfare dispensed by those enjoying their little brief authority as arbiters of social priorities. It sees nothing humiliating in a system under which a boy or girl's chance of university study hangs wholly on the changing financial climate of the state. It sees nothing humiliating for universities and colleges when they must wait on the funds available to them in any particular year for lack of financial independence, with the result that some are forced into retrenchment that threatens the very existence of valued institutions and departments that were encouraged to over-expand when the state seemed flush with money.

To the Lab-Lib mind there is a simple answer to this. Never cut the aid. Go on spending collectively

more and more until the bones of a bankrupt society are all that remains of the spendthrift economy which ladles out money when the going seems easy and withdraws it in a panic during hard times. State "giving" never allows independence to its beneficiaries, keeping them always dependent.

The same distrust of independence is found in attitudes to housing. The political left instinctively dislikes private ownership and, still more, private rented accommodation, preferring the council accommodation that can be allocated according to bureaucratic interpretation of social justice. Of course, council accommodation had its origin in a generous concern for those unable to house themselves adequately and for this purpose it will always have a place. But it now also has other overtones. Labour authorities buy up private properties in which they can plant tenants, create dependency and, with luck, gain votes.

The case against the existing welfare state is not that it is concerned with the welfare of the people but that it takes a form which gives to government great spending power and a damaging right to provide and withdraw money according to criteria defined by itself at any time. It is a system which has become so all-embracing as to be inimical to real independence and responsibility.

Yet there could be another sort of welfare state. The trouble in Britain is that we have created a bogus equation between the welfare state and the socialist welfare state.

Between now and the election, Mrs Thatcher has to show that her concept of the welfare state could bring better welfare. To admire the independence, energy and philanthropy of the Victorians is not to wish to return to their standards of social class and relative riches which were outmoded by the increased wealth, new inventions and new ideas of our century. If people are given reasonable responsibility for themselves, they will tend to act responsibly. If instead they are supplicants at the state's counter, they will grab what they can, for in doing so, they do not see the others that they hurt. They see only the impersonal face behind the counter who pays out but does not really pay. The signs are that an understanding of responsibility is re-emerging under this government. If it were not, Mrs Thatcher would not lead in the public opinion polls.

But the Prime Minister needs to be more explicit about the framework of social responsibility within which individual responsibility is to be encouraged, especially in places of work. If the selfishness of militant union leaders is to be rejected, it must be replaced by the participation of workers in a genuine fraternity of the workplace. That is why works councils, profit sharing and participation matter. To be successful, Mrs Thatcher's road to a responsible society requires not the diminution of the state's concern for welfare, but a ceaseless search for what the state can do to help people help themselves.

Nicholas Ashford

As Reagan slips, stand by for summity

Washington

There is a macabre, almost grisly quality about the way in which political society in Washington goes about disposing of presidents whose power or popularity is thought to be in decline.

Slipped and the press between them sliced. As President Carter during his last two years in office like a piece of salami. And now knives are being sharpened around town for Ronald Reagan, who this week begins the second half of his presidential term.

A recent editorial in *The New York Times* declared that "the stench of failure hangs over Ronald Reagan's White House." Now *The New York Times* is the flagship of the East Coast liberal establishment and has never been a supporter of Mr Reagan. However, until recently the newspaper, in deference to the President's popularity and the scale of his early legislative victories, has been notably restrained in its criticism of the Reagan presidency.

In the *Washington Post*, David Broder, one of America's most perceptive political columnists, has pronounced that the phasing out of Reaganism is well under way.

But among conservatives also, the people who two years ago saw Reagan as their Sir Galahad, a sense of disillusionment has set in. An editorial in the latest issue of the conservative weekly *Human Events*, complained that the Administration was adrift.

The fact that Mr Reagan is now under attack from the left and the right could be taken to mean that he is steering a sound course at the centre of the political spectrum. This would appear to be his own interpretation as he intersperses his work days at the White House with leisurely breaks in California and at Camp David. No one, at least, is accusing him of being a workaholic, as they did Mr Carter.

However, critics on the left and right are both making the same point — that he has allowed his leadership to become seriously eroded.

For right-wingers this loss of authority is demonstrated by the way ideology has given way to pragmatism, and the fact that the advisers whose counsel he heeds most are "moderates" such as Mr James Baker, the White House chief of staff, and middle-of-the-road congressmen such as Senators Howard Baker and Robert Dole. Conservatives blame these "re-

alist" (a disparaging term in the vocabulary of the radical right) for a string of recent reverses and policy changes. There was the \$227,000 million tax increase last August, the five-cents-a-gallon increase in the price of petrol, and a congressional snub to the MX missile. Now the President has been persuaded not only to agree to \$8,000m cut in defence spending — one of the right-wingers' sacred cows — but also to consider a whole range of revenue-raising schemes (ie taxes) to try to reduce the budget deficit.

Mr Reagan is no longer perceived as the tough leader who was able to carry all before him during the first 18 months of his time in office. For right-wingers he has become overly cautious and unimaginative.

On the other side of the political divide, Mr Reagan's lack of leadership is seen as manifesting itself in his inability to recognize his past errors, in particular the shambles caused by his Administration's economic policies. Although he has recently started tinkering with these policies, he has failed to grasp the basic point that one cannot cut taxes, greatly increase defence spending and still end up with a balanced budget.

Mr Reagan's conduct of foreign policy has also come in for questioning. He appears divided between those in his Administration who favour a tough line with the Soviet Union and those who want to respond more positively to Mr Andropov's peace proposals. His widely-praised Middle East peace initiative is floundering because Israel senses no real pressure from the Reagan Administration to take it seriously. He listens to conflicting advice about how to treat the European allies.

There is one relatively easy way for Mr Reagan to overcome this leadership crisis — by engaging in summity. There is growing speculation in Washington that during the course of this year he will not only hold a summit meeting with the Soviet leaders but with the Chinese as well. Summits make good television. They also give the impression of the President as a man of action. If he were to be seen concluding an arms control agreement with Mr Andropov, this would restore his image as a dynamic leader and enhance his prospects for 1984 — if he decides to run again. And some of the knives which are now being sharpened might be returned to their sheaths.



The single specific recommendation made by the Franks Committee concerns the organization and control of intelligence at the heart of government. Lord Franks admitted that his research into the Falklands episode only enabled him to see the defects of the joint intelligence machinery in an area of what he described as "low priority". He suggested, however, that even on that basis, the system has become too complex, too esoteric. It seemed more willing to devote its assessment entirely to the raw material provided by specialized sources of intelligence, rather than to match that material with all the other evidence from the general domain. Yet, in intelligence it is not so much the acquisition of evidence as its coordination and assessment which require expertise. That was clearly lacking in the case of the Falklands, and the faults exposed cannot be relied upon not to apply equally to high priority areas such as Britain is more often engaged in around the world.

Apart from this systemic shortcoming, however, Lord Franks went on to question the composition of the Joint Intelligence Committee, the body on which the cabinet relies for all its intelligence assessments. He suggested that it should have a full-time chairman, appointed by the Prime Minister and belonging to the Cabinet Office, rather than a part-time chairman, seconded from one of the other departments of State concerned with intelligence - usually the Foreign and Commonwealth Office.

This may all sound quite an innocuous piece of bureaucratic musical chairs, more in tune with the world of "Smiley's People" than the day-to-day conduct of British foreign and defence policy. But it is not. Lord Franks' understated criticism and recommendation mask a flaw which has lain at the very heart of government virtually since the war. There is now a chance that the Prime Minister will act on the recommendation, and announce that she has done so in the debate on the Franks report next week.

One has only to inspect one very revealing passage in the Franks report to see what an

amazing absence of coordination can come to exist at the heart of peace-time cabinet government, because in the name of cabinet government departmental ministers are able to protect their fiefdoms from too much interference, even, it seems, from prime ministers. Apart from this, the thing, that is an interesting comment on the cabinet led by a prime minister who is more often than not accused of overbearing behaviour towards her colleagues but who, in this instance, had an urgent and justifiable foreign and defence problem on her mind which received desultory reaction from the colleagues in question.

On March 3rd Mrs Thatcher read a telegram from the British Ambassador in Buenos Aires and noted on it: "We must make contingency plans." Her private secretary followed this up with promptings to the foreign and the defence ministries, and the Cabinet Office, a few days later. It was believed that Lord Carrington would bring a paper to the cabinet's Defence Committee "in the fairly near future". In the meantime Mrs Thatcher also asked Mr Nott for detailed reaction times to deploy warships. His answer took four days. Lord Carrington's paper never materialized because he did not feel ready to bring it forward. In the face of such extraordinary dilatoriness by both ministers and their officials - always allowing for the many other distractions they had in the course of their work - it is abundantly clear that the Prime Minister needs a "prognose" of wisdom and seniority to carry out the function identified by Lord Franks as Chairman of a reconstituted Joint Intelligence Committee.

But there should be more to the appointment than that. Intelligence is the most political branch of warfare, which is why it tends to become neglected, or even disapproved of, in peacetime. Yet the kind of peace-which we have obtained since 1945 is not one in which the necessary functions of a nation's strategic muscle must be allowed to atrophy. In an age of deterrence it is political warfare - a combination of intelligence, information manipulation, and even non-military subversion - which becomes the highest priority, since, as the Falklands

campaign showed only too clearly, the cost of allowing deterrence to fail is worth infinite efforts to preserve it from doing so.

What a modern British prime minister needs now in the Cabinet Office is a cross between an Ismay, who was military Secretary of Churchill's war cabinet, and a Gubbins, who presided over all other kinds of special operation. A man in that appointment would provide the coordinated approach to intelligence operations and to the strategic use of information, which has been dangerously missing from the centre of British government.

It is an appointment which will, of course, be resisted. It will be resisted both inside Whitehall and outside - inside because the departments do not like the idea that information can and must be used as an offensive arm of strategy; and outside because one of the fallacies which was ushered in with the era of détente was that political warfare was against the rules.

The Information and Research Department of the Foreign Office was created for this purpose in 1948 and flourished for some years. Under the pressures of detente, however, it was gradually undernourished until Dr Owen as Foreign Secretary finally removed the drip-feed in 1977 and killed it off.

The Franks report, and the narrowly escaped fiasco in the Falklands, have revitalized the case for such a body and such an appointment. There are woeful passages in Franks which depict governments of both parties entirely at a loss to know how to proceed further beyond simply keeping "some sort of negotiation" going. How lucky for Britain that this total loss of initiative occurred when we were confronted by the confused and incompetent dictatorship in Buenos Aires. Faced with adversaries around the world who conduct a total foreign policy, which draws no distinction between diplomatic, economic, psychological or military means of operation, the West must have an awareness of political warfare and some capability to conduct it. It should start with the Prime Minister making a new appointment to the Cabinet Office.

The present system of departmental select committees of the House of Commons has been running now for three years, and the select committee chairman - who forms the Liaison Committee - have marked the occasion by producing their first report appraising the experiment. They are quite justifiably pleased with what they have achieved so far. These committees have had far more impact upon ministers and their civil servants, and have commanded much wider public attention, than the Expenditure Committee which they replaced. A measure of their greater significance has been the importance attached to their proceedings by MPs themselves: a table published in the report shows that their record of attendance rose sharply after the new committees were established.

The performance of the committees has inevitably been uneven; but a number of them, especially the Treasury committee, are heard with considerable respect. Their value is appreciated by all those who look to Parliament not only to provide a high class of political drama but to scrutinise the conduct of government. Departmental select committees have become, indeed, an integral part of the parliamentary system which any future government of whatever complexion would seek to abolish at its peril.

So much so that the task is no longer to consider whether their existence is justified, but to examine how they might be improved. The report goes to the heart of the matter when it states: "for the future we are concerned to see that there should be closer ties between the work done by members in select committees and on the floor of the House". Up to now the select committees have had to rely for their influence almost entirely upon the power of publicity. It has been necessary to start in this way because there was not sufficient confidence in the fledgling committees to invest them with any power over decisions. But it cannot be satisfactory as a lasting arrangement to deny them that power.

In the short term it should be made easier for them to exercise the power of publicity. The report should be made more available throughout the year, for debates on committees reports on the floor of the House. In the longer term the committees need to be built more into the decision-making processes of Parliament, in terms both of legislation and of controlling public expenditure. This could be done quite simply for legislation if select committees were to take over the work of standing committees — which, despite their title, are simply ad hoc committees appointed to conduct the committee stage of individual Bills. A select committee, familiar with the field, would be well placed to carry out the detailed examination of a Bill, clause by clause.

Some improvement is being made this session in the arrangements for scrutinising public expenditure. Up to now the position has been that while public expenditure is examined by the Public Accounts Committee to see if it has been misapplied, there has been virtually no parliamentary control over public spending before it is made. The Estimates have been passed on the night, and three days are allowed each session for debates on the Estimates and on proposals to reduce them. The Liaison Committee will determine how to allocate these three days between one set of Estimates and another after each select committee has considered the Estimates for the department it is shadowing. Select committees and indeed individual MPs will be able to make representations to the Liaison Committee.

This should be a useful step in the right direction, but not a lasting solution. The best course now would be to allocate more than three days for this purpose, to see how the experiment works; and then to take the principle of detailed examination of the Estimates a stage further.

If sufficient direct influence over the decisions of Parliament were given to select committees

there would be less need to worry about their right to send for persons, papers and records. It would then be in the interest of ministers and civil servants to keep their respective committees well informed because a committee that felt that it was being kept in the dark might not be able to thwart a department's legislative proposals and spending plans. But so long as select committees do not have that power it is right to look critically, as the report does, at the guidelines given to civil servants as to the limits within which they should answer when giving evidence. These instructions are certainly too restrictive, though civil servants seem so far to have interpreted them with sufficient good sense to avoid their becoming a pressing issue.

r. There are other respects in which the work of the committees could sensibly be helped now that they have passed the experimental stage. Only the Foreign Affairs, the Home Affairs and the Treasury committees have the formal right to appoint sub-committees, though some of the eleven other committees sometimes operate in informal sub-committees. This is an absurd restriction. It should be left to each committee to decide whether it wants at any stage to divide into sub-committees.

There is also a case for giving committees more permanent staff than they are now permitted. Many of them have received valuable assistance from specialist advisers, but their services need to be supplemented by a greater number of permanent staff.

In this, as in so much else, there is the fear of the sceptics and the timid that these committees might come to suffer from the excesses of Congressional committees in Washington. It would certainly be undesirable for British committees to be staffed at that inflated level. But it is not going to happen. The danger at Westminster is that select committees will continue to be created as an experiment long after they have become an institution.

From Mr J. W. Wood
Sir, Two items concerning the Government's Youth Training Scheme for your issue of January 18 cast doubt on either the wisdom or the sincerity of the programme as both.

The first is the story that the Government will pay £100 a head to "jobs brokers" as "commission" on each opportunity created.

The second is the first advertisement in the Government's £3m campaign to promote the scheme.

If the point of the scheme were really to create the maximum number of opportunities for youths to gain experience and employment then it would expect to see youths given the opportunity to administer it rather than £100-a-head brokers. One would also expect to see other youths given the opportunity to create the advertisements rather than £100,000-a-year advertising professionals.

One might also see a gratifying elevation in both administrative and advertising standards.

Yours sincerely,
JOHN W. WOOD, Chairman,
Wood, Brigdale and Company Ltd.
Advertising,
Kent House,
Market Place, W1.
January 18.

From Councillor John Gunnell and Councillor J. Royston Moore

Sir, We read with concern the news that the Government intend to consider proposals to abolish the metropolitan county tier of local government and use joint boards of metropolitan district councils to administer many of our current functions. Such a move would be extremely costly, would reduce local authority control and would lead to less effective and efficient services.

The 1972 reorganization cost hundreds of millions of pounds. Abolition of metropolitan counties will involve an outlay and recurring costs on a similar scale. What savings will pay for these costs? The bulk of our spending is on the wages of policemen, firemen, highway workers, refuse collectors, disposal men and so on. They would still have to be paid.

Nor would there be savings on administration. Joint boards for police, fire, the arts, refuse disposal, public transport, highways and consumer protection would each require their own bureaucracies. How would the costs of separate administrative units for each service be less than those of the current joint administration?

Again a whole host of relatively minor services are now provided on a county-wide basis with far greater effect and economy than could a district or joint boards: archives, the public analyst, coroners, archaeological units, pension fund investment, are some of them. Joint boards, too, spend more than councils who have to balance the rival claims of competing services.

The issues of accountability and effectiveness would be serious. The responsibilities of district councillors are to their own districts. By definition they could not come to a county-wide view. In West Yorkshire one district has run out of space for tipping - would another volunteer to take the waste? Three of five districts benefit from computerisation - would the other two agree? Would the other two agree to fund it? Leeds is the home of Opera North - would the other four districts make a major contribution to stabilize its future as the County Council has done?

If these important services failed, how would the electorate respond? Surely, too, this is not the week to

From Caidin P. R. D. Kimm, RN
Sir, Until yesterday I was a serving officer in the Royal Navy, and such is my respect for the law, that I wish to seek prior permission before making public comment on any controversial matter. Permission was probable if the context was a straight moral issue, devoid of political overtones, but most unlikely if those overtones existed.

I have no wish for servicemen and women on the active list to become involved in party politics, but am concerned that because the moral aspects of military issues are inseparable from political considerations, service people are inhibited from stating openly what they believe to be the right course, morally, for their country's defence.

From Canon J. G. Bates
Sir, Your correspondent, Clifford Longley (feature, January 12), draws attention to the fact that Mr Don Cupitt expresses in a clear way that latent atheism and intellectual agnosticism which is characteristic of our age. It exists both within and without the Church.

By examining the debate, the Reverend Don Cupitt is challenging modern theologians, who seem to have lost "their nerve and authority" to provide modern man with a positive and creative approach.

In doing this it must be appreciated that faith is not created by intellect but needs it to underpin

From Mr Robert Kahn
 Sir, The Building Societies Association proposal (report, January 11) to raise the ceiling for tax relief on mortgage interest from £25,000 to £50,000 is neither timely nor equitable. At a time of continuing public expenditure cuts it would be a gross misuse of limited public funds to direct further tax relief to homeowners at this particular juncture.

The recently published English house-condition survey has documented how nearly a quarter of the housing stock is in unsatisfactory condition, being unfit, lacking amenities or requiring repairs costing in excess of £2,500. Many of these are in areas of high density and others with low incomes.

In fact, the largest number of dwellings in poor condition were

Second, Mr Wright stated that the Extended PAL system proposed by the BBC to my panel was compatible with existing terrestrial TV standards. This is not the case. All European countries agree that any system adopted for DBS should include a digital sound and data system. As my panel's report explained, such systems are totally incompatible with existing terrestrial techniques and have far greater implications for the receiving equipment than have the difference between picture transmission methods.

Third, he suggested that the proposal from the Plymouth Polytechnic was preferable to the MAC system and was at about the same stage of development. This does not accord with the information given to us by the polytechnic. Attractive though the system is in concept, the polytechnic could not get it ready for

From Professor Kenneth Mellanby
Sir, Conservationists of all colours must sympathise with my friend, Dr David Bellamy, and the other protesters in Tasmania who (report, January 18) are trying to preserve the integrity of one of the last large areas of wilderness in the world. There is no doubt of its ecological value. There is some doubt as to the extent of the damage the dam and hydroelectric works would cause. I should like to be certain that the environmental damage caused by not building the dam would not be greater.

We all wish to make the greatest possible use of renewable energy which does not deplete fossil fuel stocks and does not pollute the atmosphere. But hydroelectric power is ideal - if it does not cause other, unacceptable, effects.

Some of the protesters have said that the same amount of electric power could more easily be produced by burning Tasmanian coal.

Without the introduction to a new era of a range of conservative modifications which could still present difficulties this would contribute to the acid rain problem, something about which I am sure the protesters are equally concerned.

Acid rain might be controlled, but increased coal-burning would undoubtedly add to the greenhouse effect and global warming, the most difficult and controversial problem facing mankind. It may be totally unimportant; it may be far the most dangerous pollution problem, possibly, and in not so many years, causing widespread flooding of farmland and cities and climatic changes which could turn fertile producing countries into deserts.

We simply do not know the answer. Until we do, it is surely only common sense to do everything we can to contain global carbon-dioxide levels. The most important source of carbon dioxide is coal. I do not wish to damage our or anyone else's coal industry, but I agree with those scientists who think that there is a real possibility that we may not be able to use many of our coal stocks as energy sources, and that all plans for coal development should be very carefully scrutinized.

The Tasmanian problem, to the genuine environmentalist, is clearly not as simple as some of the protesters suggest.
Yours faithfully,
KENNETH MELLANBY,
Hill Farm,
Wennington,
Huntingdon,
January 18.

From Mr R.D. Cohen
Sir, "Ranting seldom discloses exactly where the ranter stands" (leader January 15). But thundering?
Yours faithfully,
R. D. COHEN,
1 Kennedy Court,
Shirehall Lane,
Hendon, NW4,
January 17.

From Mr Kenneth Bloomfield
Sir, Mr A. R. Cooper deplores (January 17) the conduct of the batsman who, having seen himself clearly run out, fails to return to the pavilion and takes advantage of an umpire's mistaken verdict.
Very well; but what should he do if he sees quite clearly that he was home well before his wicket was thrown down, and is yet given out?
Yours faithfully,
KENNETH BLOOMFIELD,
Ridge House,
Kingdon,
Near Lewes,
Sussex.
January 17.

From Mr James Trainer

Sir, Mr Ignarss's succinct history of international cricket in Germany (January 13) perhaps helps explain the lexicographical mystery of the proliferation of cricketing terms in Collins's excellent new German dictionary.

It must be the Heidelberg pronunciation of the corresponding (Johann Walschneider) who finds a use for those crisp phrases *aussgeschlagen während der Schlammung seiner Lauf machte* ("run out") and *wi gewonnen und hatten vier Schlag imanner noch nicht in Einsatz gehat* ("we won by four wickets").

Why is German cricket so dominated by slow bowlers? Th only bowling styles listed by th dictionary's compilers are th curious *gedrehter Ball* ("googly") and the surely illegal *Werfer, de dem Ball einen Drall gibt* ("spiral bowler"). No great imagination has been needed to add *Chinese (premissy) a Gastwerfer; and Federal Railway* terminology, suggests *D-Werfer* for fast bowlers.

In the field Collins offers on *Torwächter* ("wicketkeeper") an *Eckmann* ("slip fielder"). New light on *Eckmanns Gespräche*: On assumes that the European Institut for Molecular Biology scored most of their runs with the *Treibschla* ("drive") or even the abortive *off drive*, the unlisted *Abtreibschlag*. *I der Klemme sein* ("to be on a stick wicket") is surely art imitation cricket.

The definition *aus sein, weil sein Beine in einem Wurf getroffen wurden* ("to be out lbw") wa obviously supplied by the current Australian umpires.

Yours sincerely,
JAMES TRAINER,
5 Pithford Avenue,
Bridge of Allan,
Stirling.
January 13.

Investment and finance

City Editor
Anthony Hilton

Battle for state industries

Leaders of our nationalized industries are most concerned about a Private Member's Bill which had its first reading in Parliament on Tuesday.

The brainchild of Mr Norman St John Stevas - with backing among Conservatives from Mr Edward Du Cann, and among Liberals from Mr Richard Wainwright, the Parliamentary Control of Expenditure (Reform) Bill could dramatically change the way nationalized industries are held accountable to Parliament.

The present policy, drafted by the ICI director Mr Ronald Tibbs during his secondment to the "Think Tank", says basically that the government department should act like a holding company board. It should map out the philosophy and monitor progress, but should leave the actual running of the businesses to its managers.

Though a private member's measure, the new Bill has sufficient backing to make its enactment a significant possibility. Hence the concern of the nationalized industries, who fear in particular that the proposal to beef up and transfer the Comptroller and Auditor General's office from Government to Parliament, because it might herald the kind of monitoring which is the pattern in the Civil Service. Specifically it might mean a member of the Comptroller's office located in each nationalized industry, with the power to demand whatever files and information he might require.

Parliament would, therefore, be able to probe much more easily into the affairs of the state industries.

But at the same time these probes will inevitably inhibit the commercial development of the industries, if only because they constitute more interference. It should be an interesting battle.

Dow dips as investors take profits

Renewed profit-taking saw share prices lose ground in early trading in New York, with the Dow Jones Industrial Average losing 4.78 to 1,074.87 by mid-morning.

Declines led advances by 5.5 to 433 on turnover of \$55 million shares, but business was described as low key after Monday's performance, which saw the Dow nudge its record high of 1,092.35.

Many dealers said the selling had been triggered by investors who had left instructions with their brokers to sell their shares once the index hit 1,090.

In London, shares recovered after the pound's healthier performance leaving the market bears running for cover. The FT Index closed 6.8 up at 621.6.

Gilt also recovered their poise after recent weakness stemming from the pound's fall and upward pressure on interest rates.

Falls of 1/4 were replaced with gains of 1/4.

Market report and prices, page 16

Average earnings grow by 8.5 per cent

Pay rises hit five-year low, but still ahead of inflation

By Frances Williams, Economics Correspondent

Average earnings are now rising more slowly than at any time in the last five years, but are keeping well ahead of price increases.

Figures from the Department of Employment yesterday show that the underlying increase in earnings in the year to November was 8.5 per cent, down from 8.9 per cent in October and 11 per cent a year earlier. This is the lowest yearly rise since November 1977.

Lower pay deals in the wage round which began in August are beginning to feed through into the earnings figures. But the November slowdown mostly reflected shorter working hours as factories starved of orders cut overtime or put workers on short time.

Pay is still rising faster than prices, however. Inflation fell to 6.3 per cent in November and is expected to drop below 6 per cent when the December figures are published tomorrow.

This means that real earnings have been rising - one explanation of the retail sales boom in the second half of last year.

Only 4 per cent of Britain's 20 million workers had settled by November, with the bulk of pay deals concluded between January and June. But the evidence so far points to a significant reduction in settlements from last year.

The Confederation of British Industry's pay databank, which monitors deals in manufacturing industry, shows settlements averaging 6.1 per cent in the fourth quarter of 1982 compared with 6.8 per cent in the third quarter and 7.3 per cent in the fourth quarter of 1981.

Disturbances due to bank pay and delayed settlements pushed up the official earnings index to 8.3 per cent in November from 7.3 per cent in October.

But the underlying index calculated by employment

AVERAGE EARNINGS			
Whole economy, seasonally adjusted			
	Index	% change	% change
1981 Oct	2184	11.1	11
Nov	2144	11.3	11
Dec	2155	10.1	11
1982 Jan	2164	10.8	11
Feb	2154	11.4	10.8
Mar	2157	11.0	10.8
Apr	2158	10.2	10.8
May	2155	10.4	10
June	2140	9.8	9.8
July	2128	11.0	9.8
Aug	2120	10.8	9
Sept	2127	6.8	9
Oct	2200	8.3	8.5
Nov	2221	8.3	8.5

department - is regarded as a more reliable guide to earnings trends.

The Government is hoping that most of the crucial pay deals in the present round will be out of the way by late spring when the rate of inflation - after falling to about 5 per cent - is expected to rise.

Share vote backs Viyella takeover

By Andrew Cornelius

Vantona has won the first stage of its battle to take over rival textiles company Carrington Viyella. But if the merger goes through Mr Bill Fieldhouse, chairman of Carrington Viyella, will have to fight for payment of any golden handshake in the courts.

More than 75 per cent of Carrington Viyella's shares were voted in favour of accepting the Vantona takeover terms at the first closing date of the Vantona offer yesterday. An official announcement confirming the level of acceptance for Vantona's two-for-five share offer will be made to the Stock Exchange today.

The proposed merger is almost certain to go ahead if shareholders in both companies approve the deal at separate extraordinary meetings tomorrow.

Shareholders, including representatives from institutions with big holdings in the companies will be reassured by the news that the controversial service agreement which could give Mr Fieldhouse with a huge golden handshake once the merger takes place is unlikely to be honoured.

The five-year, £75,000 a year agreement would entitle Mr Fieldhouse to full compensation of £375,000 if he is in dispute with his new employers within the two years of the merger being agreed.

It now seems likely that if Mr Fieldhouse is ousted from the board of the newly-merged company he will have to take any claim for compensation to the courts.

The tough Vantona board, led by Mr David Alliance, is making it clear privately that the agreement has no legal standing.

Mr Joe Hyman, the rebel Carrington Viyella shareholder, who is urging shareholders to vote against the proposed merger, has also questioned the validity of the agreement after seeking legal advice.

He has said that he could implement a rescue plan for Carrington Viyella within days if Vantona withdrew its bid.

He said that he would not support the bid with his near 6 per cent shareholding unless the level of acceptance was close to 90 per cent at the first closing date.

However, the Vantona board is under no pressure to win a greater level of acceptance first time round and will press ahead with the bid assuming there are no hiccups at the meetings tomorrow.

News in brief

International

Fiat is withdrawing from the US car market where it sells only two models, the X-19 and the 124 Spider, a company official said in Turin yesterday.

Markets

Equities rallied, helped by the firmer pound and bear closing, with the FT Index closing 6.8 up at 621.6. Gilt ended the day with gains of 1/4.

The dollar made further gains on world currency markets as the flight out of Deutschmarks continued. It rose 1.87 pfennigs to DM 2.4117. The pound, trading on the sidelines, was slightly down on the dollar at \$1.5745 but its currency basket index rose 0.3 to 82.3.

Companies

The appointment of Mr David Roberts and Mr Martin Bunting as members of the Monopolies and Mergers Commission was announced yesterday. Mr Richards, 54, is a senior partner of Deloitte Haskin and Sells and Mr Bunting, 48, is a director of Imperial Group.

Stenhouse Holdings, the insurance broking group, is asking all directors and senior managers to disclose any interests they may have in organizations doing business with the group. Results of the inquiry will be announced at the annual meeting.

Although Racal Electronics announced pretax profits up from £38.44m to £46.98m for the half year ending October 15, the second half will not see the same percentage increase and pretax profits for the year are expected to be between £115m and £125m, as against £102.62m.

Tate & Lyle announced earnings up for the fourth successive year: at 48p a share they are up 29 per cent on last year. Page 14

STOCK EXCHANGES

FT Index 621.6 up 6.8
FT Gilt 78.90 up 0.23
FT All Share 395.07 up 2.28
Bargains 24.021
Tring Hall USM Index 155.1 up 0.4
Hongkong Hang Seng Index 906.54 up 18.63
Tokyo Nikkei Dow Jones 7,958.58 down 59.60
New York Dow Jones Industrial Average (latest) 1,074.87 down 4.78

CURRENCIES

Sterling 1.5745 down 20pts
Index 82.3 up 0.3
DM 3.80
Fr F 10.7725
Yen 368.50
Dollar Index 119.1 up 0.8
DM 2.4117 up 187pts
Gold \$496.50 up \$10.50

INTEREST RATES

Domestic rates
Base rates 11
3-month interbank 11 1/8
Euro-currency rates
3-month dollar 8 1/2-8 3/4
3-month DM 5 1/2-5 3/4
3-month Fr F 2 1/2-2 3/4
ECGD Fixed Sterling Export Finance Scheme IV Average reference rate for interest period December 8, 1982 to January 4, 1983 inclusive \$0.833 per cent.

TODAY

Interline: Davy Corp, André de Brette, Dimes, MFI, Alfred Walker.
Finales: Eurotherm Ind, Greenfield Invest and Co, Lada Inv Tel, V J Lovell, Sun African Land and Exp.
Economic statistics: Cyclical indicators for the UK economy (Dec); preliminary estimate of consumers' expenditure (4th qtr); public sector borrowing requirement and details of local authority borrowing (4th qtr).

PRICE CHANGES

BAT Ind 889p up 25p
Audiocore 15p up 3p
Delta Inv 280p up 15p
French T. 140p up 15p
Talbox 8 1/2 up 1 1/4p
Tate & Lyle 254p up 22p
AGB Research 292p down 17p
Ferranti 447p down 10p
Gestner 33p down 5p
Plessey 602p down 20p
Racal Elect 484p down 63p
Rwntree Mack 204p down 8p

Lloyds & Scottish profits slump

By Jonathan Clare

The cost of buying Bowmaker and Hamilton Leasing has left Lloyds and Scottish, the finance house, with profits of £10.7m against £29.2m - much lower than expected.

Shareholders - mainly Lloyds Bank and the Royal Bank of Scotland - have had their dividend cut by 30 per cent to 3.87p and are faced with a rights issue to raise £70m.

Without Bowmaker and Hamilton, profits would have been nearer £18m. The rights issue is to pay off the loans incurred in buying the two companies. Their acquisition cost £7.3m in finance charges last year.

Lloyds and Scottish also suffered from rising interest rates at the beginning of last year, though Lombard National Westminster's finance house subsidiary, managed much better results over the same period.

"We don't have the benefit of being the leasing arm of a big bank," Mr Stephen Maran, a director of Lloyds and Scottish, said.

The dividend cut has also puzzled analysts because of the large release of deferred taxation taken into the previous year.

"With £44m they could have paid a maintained dividend if they were confident about this year," Mr John Ginnarlis of Quiller Goodson said.

Mr Maran said Lloyds and Scottish did not regard the reserves as distributable.

Lloyds Bank, faced with a call for £45m in cash, cannot be happy when Lloyds and Scottish has turned in strident profits from £22m to £6m.

It may take a more active interest in running the company and has never made any secret of the fact that it would like to own 100 per cent of it.

Plea on industry's 'dive'

By Edward Townsend, Industrial Correspondent

The Confederation of British Industry may ask the Government to designate the West Midlands, once the heartland of British engineering, as an assisted area in a bid to halt what it describes as the "dramatic dive" in the region's economy.

Regional assistance is one of the options the CBI is considering before it meets government officials to urge positive action to correct the underlying structural weaknesses in the West Midlands economy.

CBI concern about the Midlands has coincided with the announcement this week of two new foreign investment projects in the new town of Telford in Shropshire.

Elimination of the United States is to establish a £10m robot plant in the town and yesterday Hitachi of Japan confirmed that it intends to invest £25m in a government-backed video tape manufacturing plant. The two developments initially will employ more than 400.

Dr Malcolm Skidmore, the CBI's West Midlands regional chairman, said yesterday, however, that the recession had painfully exposed the region's over-dependence on a narrow range of manufacturing industries.

The motorway and rail network needed more capital investment and improving the links with the south and east would help to attract new investment and broaden the region's economic base.

On the question of regional assistance, he said that there could be more effective ways of getting new investment and that was the reason for starting talks with the Government.

The Hitachi project, which could benefit Britain's balance of trade with Japan by up to £20m a year, is costing the Government about £4m.

Illingworth bid panel enlarged

By Jeremy Warner

A sixth member of the Monopolies and Mergers Commission has been appointed to the panel examining a bid for the Yorkshire textiles group Illingworth Morris in order to avoid the possibility of a row if the commission's eventual recommendation on the bid is split. It is Mr David Richards, a senior partner of accountants Deloitte Haskin and Sells.

There had been widespread worries that the original appointment of a panel consisting of only five commission members could be unduly advantageous to Illingworth's bidder, Mr Alan Lewis's Isle of Man based company, Able.

Under the Fair Trading Act, a clear two-thirds majority recommendation by the commission is required to block a bid.

Where a commission panel consists of only five people, a bid would be automatically allowed even if three of the panel's members were against it. This bias towards allowing a merger rather than blocking it is deliberately built into the legislation.

The appointment of a sixth commission member increases the chances of reaching a two-thirds majority recommendation. It is generally considered likely that the eventual outcome of the commission's deliberations will be split in view of the division in Whitehall on whether Mr Lewis's bid should be referred in the first place.

Higher gas payments prompt new interest in exploration

N Sea licence bids raise £30m

By Jonathan Davis, Energy Correspondent

The Government expects to raise about £30m from the auction of exploration acreage in the latest North Sea licensing round, and can look forward to a significant increase in the search for and development of gas fields off the east coast of England.

Conoco, the American oil company, said yesterday it was considering developing two gas discoveries in the southern North Sea at a cost of £190m. This disclosure coincides with publication of the results of this week's eighth offshore licensing round in which companies chased gas prospects more fervently than potential oil finds.

The Department of Energy said about 100 companies, including all the largest international oil companies, had submitted applications for blocks.

A total of 180 blocks were on offer and 60 applications from different consortia were received. The Government plans to award about 85 licences.

Fifteen blocks in the mature northern area of the North Sea, a proven oil province, were up for auction. Bids were received for about half of them, and the successful bids are likely to raise about £30m for the Government, Mr Nigel Lawson, the Energy Secretary said.

The rest of the blocks will be awarded by the traditional discretionary method. The Department of Energy said 38 were in the proven gas province of the southern North Sea, and applications were made for 23 of them.

Other applications were received for blocks on offer in the North Approaches, an unexplored area east of Shetland; west of the Orkneys; and in the central area of the North Sea. Although the Government



Lawson: encouraged by interest in gas fields

will be disappointed by the relatively modest acreage, Mr Lawson will be encouraged by the interest shown in the gas acreage.

This follows the enactment last year of the Oil and Gas (Enterprise) Bill, which broke British Gas's monopoly powers of purchase over offshore gas finds. British Gas also told companies it is prepared to pay several times as much for newly found gas as it paid for the first discoveries in the 1960s. Oil companies have long complained that low gas prices have prevented development of new fields.

Conoco said higher prices had encouraged it to consider development of the Victor and Valiant fields off East Angles and Lincolnshire. These could start producing gas by the mid to late 1980s. It also announced a third gas discovery South-west of the producing Viking field.

The number of companies which applied for licences is only half the number which applied in the seventh round two years ago, when many non-oil companies were encouraged to take part.

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NOTICE TO HOLDERS OF AMERICAN EXPRESS COMPANY 4 1/2% CONVERTIBLE DEBENTURES DUE 1987

On November 22, 1982, the Board of Directors of American Express Company (the "Company") approved a 4-for-3 stock split of the Company's Common Shares, par value \$60 per share, distributable on February 10, 1983 to shareholders of record on January 7, 1983.

Pursuant to Section 3.04 (d) of the Indenture, dated as of May 16, 1972, pursuant to which the Company's 4 1/2% Convertible Debentures Due 1987 (the "Debentures") were issued, the present conversion price of the Debentures (\$60 per Common Share) shall be proportionately adjusted as a result of such split so that the holder of any Debenture surrendered for conversion immediately after such stock split shall be entitled to receive the number of common shares which such holder would have owned or be entitled to receive after such split had such Debenture been converted immediately prior thereto.

In accordance therewith, effective February 10, 1983, the conversion price of the Debentures shall be \$45 per Common Share. In addition, any holder of a Debenture who converts a prior to February 10, 1983 will be entitled to receive a due bill or other appropriate instrument evidencing such holder's right to receive, upon effectiveness of the stock split, additional Common Shares equal to the number of Common Shares which would have been issued as a result of the stock split with respect to the Common Shares received upon conversion had such Common Shares received upon conversion been held of record January 7, 1983.

This notice being given pursuant to Section 3.04 (g) of the Indenture.

AMERICAN EXPRESS COMPANY

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Participants work together in a "workshop" environment to clarify the issues important to them and to consider the options open to them for resolving problems or capitalising on opportunities.

A major international faculty of experienced teachers and practitioners from North America, Europe and Australia have been retained to assist in the Workshop.

Candidates will be senior marketing practitioners who directly influence marketing strategy in their organisations and are concerned with the effects of this strategy on overall company performance.

Dates: 20th June-1st July 1983.

Cranfield School of Management - Bedford MK23 7LJ

For: Marilyn Nichol, Marketing Strategy Workshop,

Cranfield School of Management, Cranfield, Bedford MK43 0AL.

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TATE & LYLE PLC

Preliminary announcement of results for the period ended 25th September 1982

"A SUCCESSFUL YEAR FROM A STRONGER GROUP"

- The Chairman, The Rt Hon Earl Jellicoe, reports:
- Earnings have increased for the fourth successive year: at 48 pence per stock unit they are 29% up on 1981.
- Pre-tax profit has risen to £40.1 million from £36.3 million last year.
- Higher quality of earnings compared with four years ago.
- Our UK refined sugar production is now in much better balance with demand.
- Recommended increase in final dividend from 7.5p to 9.5p per unit of stock making 13.5p for the year.
- The Group is now securely based and can exploit new growth opportunities.

Summary of results

Group Profit and Loss Account

	1982	1981
Turnover	£ million	£ million
	1,950.0	2,188.3
Operating profit	46.7	44.1
Share of profits less losses of related companies	8.8	2.4
Other interest receivable and similar income	13.0	17.0
Interest payable and similar charges	(26.4)	(27.3)
Profit on ordinary activities before taxation	40.1	36.3
Profit on ordinary activities after taxation	26.4	23.1
Profit attributable to minority interests	0.1	2.7
Profit on ordinary activities after taxation attributable to the stockholders of Tate & Lyle PLC	26.3	20.4
Extraordinary profit (loss) after taxation	(2.0)	2.6
Profit for the period	24.3	23.0
Dividends paid and proposed	7.5	6.4
Retained profit for the period	16.8	16.6

Earnings per £1 ordinary stock unit (basic)

	1982	1981
	£ million	£ million
Statement of total Group reserves		
beginning of the period	158.9	128.6
increases on exchange	0.2	11.8
justification on changes in the Group	0.1	(0.3)
impairment arising on revaluation of a base stock	—	2.2
holding of mortgages, net of taxation	16.8	16.6
retained profit for the period	176.0	158.9

The above figures do not constitute full financial statements. Our directors have issued an unqualified opinion on the full financial statements, which statements will be delivered to the Registrar of Companies.

Copies of the Annual Report for the period ended 25th September 1982 will be mailed to stockholders shortly and will be available from J. E. Wright, Secretary, Tate & Lyle PLC, Gar Quay, Lower Thames Street, London, EC3R 6DQ.



INVESTORS' NOTEBOOK

edited by Peter Welham

Trusthouse takes comfort from UK profits rise

Trusthouse Forte Year to 31.10.82
Pretax profit £57.1m (£52.3m)
Stated earnings 12p (11.4p)
Turnover £315.4m (£244.7m)
Net final dividend 5.5p making 7p
Share price 189p, up 5p. Yield 5.9%
Dividend payable 7.4.83

City estimates of what Trusthouse Forte might earn in the year to October 31 varied from £58m to £62m, so the eventual outcome of £57.1m was a shade disappointing.

But the increase in the dividend came as a pleasant surprise - even if it is not quite covered on a full tax-charge - and with a bullish report on current trading it was enough to send the share price ahead.

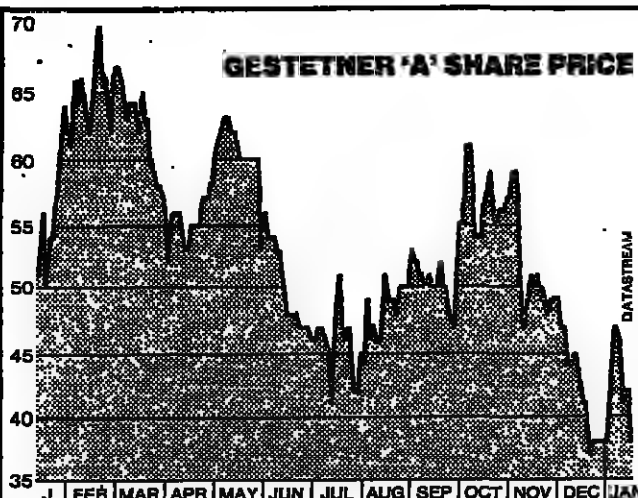
Most of the difference between estimated and actual profits seems to stem from a lower profit on property disposals - down from £7.2m to £4m.

The strength of THF in the past year has been in Britain, where profits have risen from £34m to £41.7m in the hotel division, after a slow start to the year, and from £14.9m to £17.8m in catering.

In the United States, THF had done well to reduce catering losses by £1.6m to £300,000, but hotel profits are down from £10.2m to £8.8m.

The recent sales of the leisure division and three hotels, raising £56.5m, along with lower interest rates, should reduce finance costs.

Not least, THF is now over



the hump of its renovation programme so capital spending will be easing off.

It is not difficult to see profits advancing to £65m in the current year. On a fully-taxed basis that still leaves the share on a p/e of around 20. But THF is the only "pure" hotel company of marketable size.

Racal Electronics

Given that the first half at Racal Electronics saw a comfortable pretax profit increase of 22 per cent to £46.98m, the second half is turning out very disappointing.

Comments from the company yesterday confirmed analysts' fears that profits for the year would be between £115m and £125m - up on last year's £102.61m, but a lot lower than the £130m plus originally anticipated.

It seems that the chief culprit is the postponement, particularly by Middle Eastern countries, of orders of tactical, strategic and survey radars.

Shareholders in Gestetner can gloomily contemplate an attributable loss of nearly £17m last year, despite the optimistic noises made halfway. In its 1977 heyday the duplicator and copier company managed to make profits of almost £30m.

While analysts had been busy writing down their estimates over the last few months the pretax loss of £23m, against profits of £6.2m was a real shocker. The shares fell 5p to 33p.

The company has been bleeding cash all year because of its expensive re-organization plans which cost £4.7m. The closure of the Danish subsidiary cost another £8.7m below the line.

What is important is a rise in borrowings of £10m to £51m -

plus £19m of loanstock - taking gearing up to 60 per cent of shareholder funds, against 50 per cent a year ago.

Interest charges will be up again in first half with an improvement by the year end.

Hard decisions about the West Germany sales company, which made an even worse loss last year, will be taken any day. So there could be more extraordinary costs this year.

Gestetner has some powerful shareholders like the National Coal Board pension fund. If they have had words the family board - with control more than 60 per cent of the shares - is not saying.

A nominal dividend is being paid on all classes of share.

much this year as originally anticipated, but the share price is now reflecting this. At 48p, the prospective earnings multiple, fully taxed, is 22, compared with Plessey's 25. Considering the price was 20 pence higher not very long ago, the shares are unlikely to go much lower.

Another disappointment has been the stiff competition on the data communications side. Ironically sales will be up 20 per cent this year, but profits will be lower than in 1981/82.

On the marine side, small boat radios will make a loss of close on £4m again this year, instead of half that as Racal had hoped. It is now having better designs made in the Far East, and hopes to break even next year. If this does not happen, it could well be curtains for this division.

Racal is not going to make as

Such is the confidence of Tate & Lyle after two years of restructuring that it has more than restored the dividend to the mid-1970s levels.

Hopes were for a 1p rise in the final dividend, but the company has announced 2p, attracting support to push the shares up to their old highs.

Tate & Lyle is sure of maintaining steady progress from now on, and after jumping from £36.1m to £40.1m it could move on to £45m in the current year.

Sugar trading continues to be flat, with the attendant costs of slow take-up by customers, but Tate & Lyle's manufacturing operations are working at almost 100 per cent capacity.

Last year capacity was in line with expenditure is still heavy on the refining side, and the total spent this year could be about £28m.

The company's long-term strategy is to stay in the sweeter business, and possible acquisitions in Europe and North America are being looked at as part of the expansion plans.

Confidence in the management is strong - it can now point to four successive years of earnings increases - and the low level of gearing provides further backing.

One of the few continuing troublesome the Zymase sugar substitute, is showing much reduced losses.

The prospective p/e of 7 looks cheap, but the shares are vulnerable to profit taking.

Tate & Lyle

Tate & Lyle

Year to 25.9.82

Pretax profit £40.1m (£36.3m)

Stated earnings 48p (37.2p)

Turnover £315.4m (£244.7m)

Net final dividend 5.5p making 13.5p (11.5p)

Share price 189p Yield 6.5%

Dividend payable -

Hanson in \$40m bond issue

By Jeremy Warner

Hanson Trust, the fast-growing industrial investment company is to raise a further \$40m (£25.5m) with the issue of convertible bonds. It is the third such issue made by Hanson.

Sir James Hanson, chairman, yesterday announced the new fund-raising exercise at the annual meeting, where a half increase in the group's authorized share capital was approved.

Taken together, the two capital restructuring moves are bound to fuel speculation that Hanson could soon make an acquisition.

The company's last balance sheet shows good cash resources of £146.7m before taking account of the £37m proceeds from the sale to a competitor of the continental battery making and marketing operations of its Ever Ready outfit.

However, after the meeting Sir James ruled his company out of intervening in one takeover battle where there has been considerable speculation that Hanson might make an offer.

Sir James said that his company had no intention of launching an offer in the battle between London Brick and Redland for the Leicester-based facing brick manufacturer, Ibbotson Johnson.

Sir James, who confirmed that his company had been in preliminary bid talks with Ibbotson at least twice in the past, thought Redland's offer of £34.7m was "a very good price indeed".

The Office of Fair Trading's advice on whether to refer the two bids for Ibbotson to the Monopolies and Mergers Commission is expected to be with Lord Cockfield, the Trade Secretary.

Bowater predicts disappointing profit

Bowater's profits have probably not fared quite as well in the second half of 1982 as looked likely at the half-way stage.

Dr Ingram Lenton, managing director, said yesterday that the company's operations in North America had been hit by a combination of the United States recession and substantial over capacity in papermaking.

The price of newsprint had held up since it fell last November, but he felt the company would feel the effects of the United States recession in the second half of 1982 and most of 1983.

He expected the newsprint supply and demand balance to be restored by 1984, and from 1986 there would be a further boost from full rotation of the

company's United States timberlands.

Dr Lenton saw "no need at the moment for a rights issue" but added: "If the debenture market took off and we could raise long-term finance at the right price, it would tempt us." Bowater had also been building businesses in the United Kingdom and Europe which were not capital intensive

and three months in London, at \$30p and \$47p an ounce.

The markets are subject to rumour. The gain in gold in New York was caused by unfounded speculation that a large bank was in danger of collapsing, and that the access to the Middle East through the Straits of Hormuz had been blocked in fighting between Iraq and Iran.

Silver also saw strong trading, closing up 28p for both spot

and three months in London, at \$30p and \$47p an ounce.

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AGB rights issue to raise £14.5m

AGB Research, the consumer and industrial market research company, is to have a rights issue to raise £14.5m after expenses. Terms of the issue are one new share at 250p for every four shares held. The shares closed yesterday up 20p to 289p.

AGB has also released its interim results to the end of October, 1982. Pretax profits were up 17 per cent to £2.38m on turnover 37 per cent higher at £28m. Net margins during the period slipped from 11.3 per cent to 9.3 per cent - largely because of a swing from interest receivable to interest payable and tougher publishing conditions, the company said.

Publishing trading profits increased from £136,000 to £141,000. But the strongest performance came from information systems with a 48 per cent increase to £126,000, market research, with a 29 per cent rise to £2m and marketing services, up 26 per cent, to £346,000.

The results include contributions from NFO, the big market research company acquired last July for an initial payment of £3.5m, and Westbourne, the exhibition organiser and publisher of six trade magazines in the US bought last May.

AGB has made several other acquisitions recently, including a 95 per cent stake in Medical Market Studies; the remaining 70 per cent of Mitel Data Customs; and a further 40 per cent of QED International Marketing Research Services, bringing AGB's holding in the company to 60 per cent. It is also about to invest in Survey Research Group, the Asian market research specialist.

All these acquisitions have contributed to a £2.8m overdraft and loans of £4.8m, making it desirable to raise funds to reduce borrowings and to expand existing operations. The latter will involve setting up overseas many of the services now firmly established in the United Kingdom.

JOHN CARR (DONCASTER) PLC JOINERY MANUFACTURERS

Extracts from the accounts for the year ended 30th September, 1982

	1982	1981
Sales to customers (excluding VAT) ...	27,304	24,831
Earnings before Taxation ...	4,798	3,521
Taxation ...	2,339	1,238
Profit after Taxation ...	2,459	2,283
Earnings ...	7.73	6.90
Ordinary Dividend ...	1.80	1.68

- ★ another record year
- ★ Pre-tax profit increased by 36.2%
- ★ Dividend increased 13.1% to maintain four times cover
- ★ New factory at Corby now in operation
- ★ Turnover for first quarter increased by over 40% on corresponding period last year

The Stockholders Investment Trust p.l.c.

68% in North America at 31st December

Increased commitment to North America has raised the percentage of the portfolio invested there to 68% out of an overseas content of 78%. At 31st December 1982 the net asset value per share was 221.5p.

For the year to 31st October 1982 Mr. Alan McLintock, Chairman, reported:

- ◆ Net asset value of 199.4p and consolidated total resources of £89 million both at record levels.
- ◆ Earnings increased from 3.61p to 4.00p per share.
- ◆ Twelfth consecutive increase in annual dividend to record level of 3.85p per share.

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Prices now available on Prestel, page 48146

APPOINTMENTS

Peter Hook to head Bowmaker

Mr Peter Hook has been appointed managing director, Bowmaker, and director, corporate finance division, Lloyds Bowmaker Finance Group.

Mr Roy Moir, formerly of Guthrie Bookers Merchants International, has joined the Clothing Export Council as chief executive, menswear division.

Mr Peter G. Gyllenhammar is to be a non-executive director of S. Pearson & Son.

Mr Neil Benson, a non-executive director of Godfrey Davis (Holdings), has been appointed deputy chairman.

Mr John Kenna, managing director, car dealerships, and a member of the main board, had been made group managing director. Mr Mike Wynne, previously managing director, contract hire operation, has joined the main board, responsible for new projects.

Mr Nicholas Horsley, chairman of Northern Foods, is to serve a third year as president of the Dairy Trade Federation, the first time a president has been asked to exceed the usual two-year term.

Two vice-presidents have been elected, Mr Chris Ball, managing director, Unigate Dairy Holdings, and Mr Jim McMichael-Phillips, general manager, Co-operative Wholesale Society's Milk Group.

Miss Caroline Burton, Mr Derek Allen, Mr Martyn Baker, Mr John W. King and Mr O'Connell have been appointed directors of Guardian Royal Exchange.

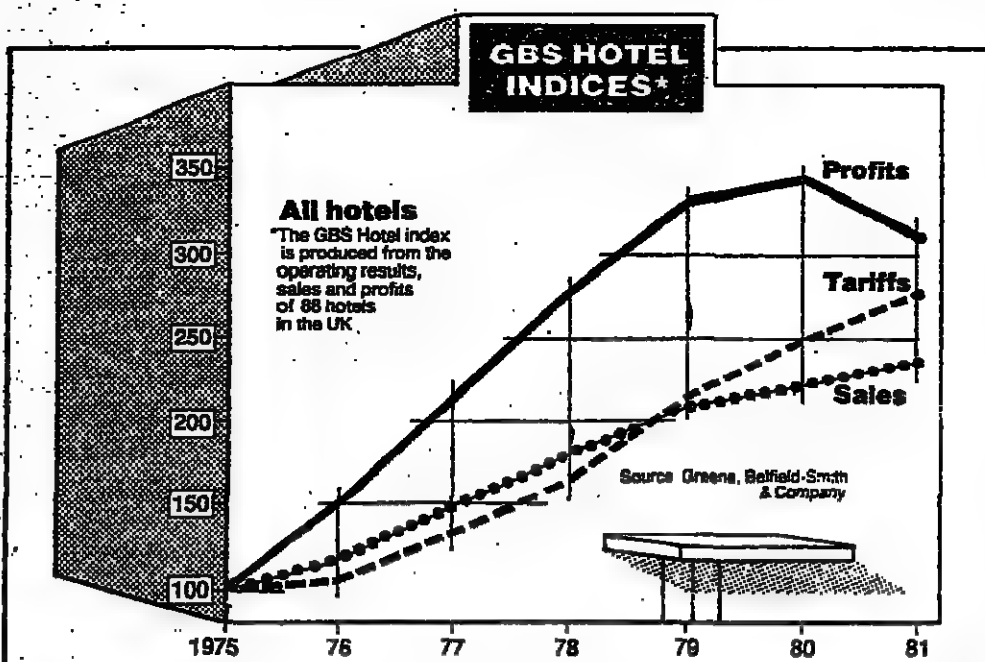
Mr David Prosser is to be managing director, industrial finance within the investment department of the National Coal Board Pension Funds.

Mr Jonathan Thornton becomes deputy managing director, industrial finance. Mr Barry Southcott, director, equity investment, with a responsibility for the funds quoted ordinary share portfolio, Mr Peter Hill, deputy director, equity investment, and Mr Dea Nathanson, manager gifts and treasury.

Mr Robert Maxwell, a director of SelectTV, has agreed to act as chairman. He replaces Mr Mark Sheldermine, who has resigned as chairman and director to concentrate on London Films, of which he is chairman, though he will retain his investment in SelectTV.

Five-star hotels lose their staying power as construction costs rise

£100,000 to build a room. Baron Phillips investigates



King's Reach Hotel never made it as a commercial enterprise and the final nail was driven into its coffin six weeks ago when the Environment Secretary, then Mr Michael Heseltine, approved an application by its new owners, Sea Containers, to convert it into more than 500,000 sq ft of offices.

The King's Reach was built by the now defunct Mella-Buckley consortium in the early 1970s when hotel building, aided by Government grants, was all the rage. But industry observers comment that it never had a chance.

Look, they say, at the Tower Hotel at St Katharine's Dock which, after years of struggling, is only now making a profit.

The Environment Secretary's decision to grant change of use on King's Reach, against local opposition but to the satisfaction of the owners, illustrates a big upheaval in the London and provincial hotel industry.

Today, few hotels are determined enough to build new properties in the capital and other big cities. Since the industry's boom days when grants were freely available to satisfy a tidal wave of tourists, building costs have escalated to the point when construction is almost uneconomical.

Building a five-star hotel stand at as much as £100,000 a room for a five-star hotel in central London compared with about £30,000 a room for a three-star one. Mr Nigel Sweeney of Christie & Co., the specialist hotel agents, said.

This was one of the factors which delayed development of Lyons' ambitious 10.5-acre redevelopment of its Kensington factory site next to Olympia.

Faced with these high costs it is a brave man who undertakes a big central London project.

Even outside the capital, where costs for a three-star hotel are put at £15,000 a room, hotel groups tread cautiously. Even the mighty Hilton chain

pulled out of the Castle Terrace development in the centre of Edinburgh last summer because of the high costs involved.

While there may be little new development, sales of existing properties have taken off during the last few months.

In this sense the Government was probably right to put the British Transport Hotels chain of 21 properties up for tender, according to Mr Nicholas Leppard of consultants Greene Belfield-Smith & Co.

Recent falls in inflation, interest rates and sterling have all contributed to a realization that the steady downward drift of profits and occupancy levels of hotels may be halted and even reversed.

The industry is becoming more optimistic and large groups such as Grand Metropolitan are experiencing a big shake-out.

It started when GM acquired the Intercontinental Hotel chain from Pan Am just over a year ago for \$300m, according to Mr Leppard. Through the purchase GM extended its range of top class luxury hotels, which already included the Europa and the Britannia, in Grosvenor Square as well as more downmarket properties as the Mount Royal and the Piccadilly.

GM quickly realized its range of properties was too diverse and rationalization made sense. Last January the group decided to dispose of as many as 10 hotels, but did not reveal which were to go.

As an executive put it at the time: "We are hanging out the washing and seeing what comes along."

What actually came along was quite surprising. Some 26 of GM's provincial hotels were snapped up by the Queens Moat Houses chain headed by Mr John Baird in a deal worth £30m.

The deal took the GM County Hotels division off the late Sir Maxwell Joseph's hands and more than doubled the size of Queens Moat.

Apart from the main tranche of properties acquired by Queens Moat, occasional sales have taken place since then such as the purchase of the London International by the Vaux Brewery subsidiary, Swallow Hotels, for £7.7m.

But since last winter there has been a more subtle change in the hotel market. A stronger secondary market in hotel properties has been established as some of the larger groups offload their less desirable buildings.

Many of the hotels being snapped up have been on the market, publicly or otherwise, for about a year. Recent sales in central London include the New Berners, the Mandeville, the De Vere and the Cora.

In almost every case these three-star properties are being bought by Asian groups such as Virani, the Taj, and Savara.

Virani recently acquired the Cora Hotel in Upper Woburn Place from the Bonington Hotels group. According to Knight Frank & Rutley, the asking price was £1.85m but the purchase price was probably closer to £1.5m, although this has been denied.

The hotel industry is secretive about what it pays for properties. As one observer commented: "Any purchase price that actually appears in print is probably an exaggeration just in case the vendor wants to sell on."

The emergence of the secondary hotel market is something which has not been seen since before the days of the large hotel groups. Today it does not make sense for a big group with high central overheads to keep a two or three-star property on its books.

But to the small rising group these lower-class properties

offer the chance of a good cash business that makes money.

In the provinces the pattern is different. Small country hotels are being acquired by individuals, in the main, who are entering the hotel and catering business for the first time.

But the centre of the hotel business remains firmly in the capital where, according to Mr Jonathan Boddler of consultants Horwath and Horwath, occupancy levels show a distinct improvement.

Mr Boddler believes the weaker pound is starting to bring Americans back to London and any upturn in their economy will benefit the hotel industry here.

In spite of the changing economic conditions there has been a radical shift in the approach to hotel-keeping and development, according to Mr Leppard.

"Hotels which are being built or remodelled today are very different from the bedroom factories of the 1970s. Now there is a concentration on providing leisure facilities to attract the weekend tourist market and the all-important conference market."

Trusthouse Forte's Posthouse chain is an excellent example of this changing approach, Mr Leppard says.

Strangely, as one of the main luxury hotel groups, Trusthouse is noticeable by its absence from agents' for sale circulars. Reports that the group is planning to dispose of a number of two and three-star establishments has been denied by the company, although a fortnight ago THF disposed of £19m worth of properties to the Mount Charlotte group.

Reports that as many as 43 properties are up for sale is wide of the mark.

Instead it would appear that between five and 10 hotels are being quietly marketed.

Buyers for the smaller hotels are almost certainly going to be from one of the Asian groups, which are regarded as a big force in the London hotel market as they quickly establish small chains of well-run two and three star hotels aimed at the volume end of the market.

C. Gordon Tether
Combating 'a crisis of contraction'

It is a matter of relief that the United States has now accepted that, having played a big part in engineering those processes that have brought the world to the brink of economic disaster, it ought to take the lead in organizing the urgently-needed rescue operation. But it has to be recognized that its attempt to get other countries to join it in performing a locomotive function for global economic recovery comes so late in the day that it may be able to do little more than slow the onward march of the recession.

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Yet the fact has to be faced that it is much easier to preach such restraint than to practice it. The annual capacity of the developing countries to import has fallen by about \$100,000m over the past two years as a result of the decline in their export revenues, the rise in their debt service payment and the falling-off in the inflow of private capital.

With the creditors breathing down their necks, and the international financial institutions pressing them to stabilize their economies, how can they do other than try to achieve equivalent savings in imports until their fortunes have manifestly taken a marked turn for the better?

A change of direction on the part of the pace-setting countries of the kind Washington is now belatedly calling for would obviously help to set in motion processes that could eventually reduce the almost irresistible pressures that so many countries are under to "retreat inward".

But it will take time to make itself felt even if there is no delay in putting it into effect - which is itself far from certain.

Solutions

The stark reality that has to be faced in the interim is that as the Brandt Commission expressed it, "the magnitude of the problem the crisis or contraction is throwing up dwarfs the magnitude of the practicable solutions".

In other words, we have no assurance that, when all the available stops have been pulled out, IMF quotas increased, World Bank lending liberalized, special releases made of SDRs, debt repayment obligations waived and so on - that crisis will not continue to roll on remorselessly.

The moral, surely, is that we now have to start considering "impracticable solutions".

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by Michael Clark

verge of a major trading agreement arranged by the newly appointed chairman, Mr Touker Suleyman.

ACCOUNT DAYS: Dealings Begin, Jan 17. Dealings End, Jan 28. \$ Contango Day, Jan 31. Settlement Day, Feb 7.

Share of the Glasgow-based textile group, Scott & Robertson, have leapt from 32p to a new high 43p this week following the reverse takeover of Plastic Covers. S & R paid £891,000 in cash and issued 2.61 million shares giving the Plastic Covers 36 per cent of the group. After several years of losses a profits contribution of £521,000 will see S & R return to the black this year. Jore Investment Trust, Baring Bros and Prestwich Parkhall hold large stakes and are now reckoned to be keen to buy out the firm's assets of 147p, a p/b of 5 and a yield of 6 per cent they look cheap.

The holding companies were sought after with jobbers again caught short of stock as Middle West rose $\frac{1}{2}$ to $1\frac{1}{2}$ and Barlow Rand $\frac{1}{4}$ to $1\frac{1}{4}$.

On the bid front shares of little E. Austin, the forklift truck group, raced ahead $\frac{1}{2}$ to a new high of $\frac{1}{2}$ after the company announced it was in talks which could lead to an offer being made for it. The company, which last year made losses of £159,000, is currently valued at £1.9m.

Also in textiles Mellins rebounded 13p to 163p, despite the group's assurances yesterday that it was planning only a small United Kingdom acquisition. The market is still hoping the group may be on the

Oil shares rallied from yesterday's setback caused by uncertainty over the ability of members of the Organization of Petroleum Exporting Countries to reach agreement over pricing and production levels at this weekend's conference. BP rose 6p to 326p along with Shell 4p. to 436p.

NO	Low	Company	Price	Chgs	Grss	Yld
					per cwt	
75		Selkirk	102	+	0.9	0.1
77		Sorrell	97	+	4.9	0.3
78		Skaw Carpets	98	+	0.10	0.06
79		Stake German	100	+	1.0	0.3
80		Silvestri	98	+	0.8	0.4
81		Simon Day	100	+	1.0	0.8
82		Sirard	100	+	0.9	0.3
83		St. George	100	+	0.9	0.3
84		Stitchling	97	+	12.4	4.2
85		Smith & Nash	102	+	1.0	0.3
86		St. J. A. A.	100	+	7.3	2.3
87		Do "B"	100	+	7.3	2.3
88		St. J. A. A.	100	+	7.3	2.3
89		St. J. A. A.	100	+	7.3	2.3
90		St. J. A. A.	100	+	7.3	2.3
91		St. J. A. A.	100	+	7.3	2.3
92		St. J. A. A.	100	+	7.3	2.3
93		St. J. A. A.	100	+	7.3	2.3
94		St. J. A. A.	100	+	7.3	2.3
95		St. J. A. A.	100	+	7.3	2.3
96		St. J. A. A.	100	+	7.3	2.3
97		St. J. A. A.	100	+	7.3	2.3
98		St. J. A. A.	100	+	7.3	2.3
99		St. J. A. A.	100	+	7.3	2.3
100		St. J. A. A.	100	+	7.3	2.3

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Gen Funds *Ord	332	11.4	2.4
Do Gen	315		
Gen Inv & Tels	58	5.09	1.1
Gen Securit	90	4.48	4.9
Globe Trust	156	11.3	7.1

Company. † Pre-merger figures. ‡ Forecast capital distribution. § Ex figure. * Ex script. † Ex-free. ‡ Price adjusted for sale of significant data.

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